Army Performance Improvement Criteria

(APIC)

2001

Office of the Chief of Staff, Army
Management Directorate
Strategic Management and Innovations Division
1725 Jefferson Davis Highway
Crystal Square Two, Suite 1001
Arlington, VA 22202

www.hqda.army.mil/leadingchange/APIC

Leading Change

"Our commitment to meeting these challenges compels comprehensive transformation of *The Army*. To this end, we will begin immediately to transition the entire Army into a force that is strategically responsive and dominant at every point on the spectrum of operations."

Excerpt from The Army Vision Statement, October 1999

On October 12, 1999, the Secretary of the Army and the Chief of Staff of the Army articulated a vision that will enable the Army to meet the challenges of the 21st Century. To remain an Army that is *persuasive in peace, invincible in war* requires deliberate change at a level unprecedented in recent times. The blueprint for change is the Army's Transformation Campaign Plan. The comprehensive Army-wide Transformation includes organizational and management changes that enable customer-focused, fact based, results-driven decision-making. The *Army Performance Improvement Criteria (APIC)* is a valuable resource for achieving the organizational-level change needed to support the Transformation.

The *APIC* provides a framework for in-depth organizational assessment and measurement of continuous improvement efforts. Based on the Malcolm Baldrige Criteria for Performance Excellence, the *APIC* guides Army leaders through seven categories, which systematically examine all aspects of an organization and determine how well it is meeting its goals. The categories are interrelated and based on a set of values and concepts that when fully applied result in a highly effective and efficient organization.

The *APIC* supports the Transformation in three specific ways. First, it serves as a working tool for strategic planning, organizational assessment and training. Second, it raises the organization's performance expectations and standards. Finally, it establishes common performance criteria to facilitate communication and sharing of best practices between Army organizations, business and industry.

In 1988, the Secretary of Defense issued the challenge to all of the services to become the most efficient organizations possible. The Army acted immediately on this directive and later codified it in AR 5-1, *Army Management Philosophy.* Published by the Director of Management in 1992, AR 5-1 established policy, procedures, and responsibilities for performance improvement and efficiency for all Army organizations. The *APIC* was first published in 1995 to provide a standard method of measuring the results of continuous improvement efforts. It is updated and refined annually.

The *APIC 2001* includes actual examples of self-assessments for each category. Charts and other graphics have been added to the examples in all seven categories. These "real world" examples make the *APIC* a "How To" document and share best management techniques, strategies, and performance practices among Army organizations. The examples are from the applications submitted for the 2001 President's Quality Award as reviewed by the Headquarters, Department of the Army, Board of Examiners. Immediately following the examples are the feedback comments from the Examiner team.

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2001 Criteria: Core Values, Concepts, and Framework

***APIC's* relationship to the Malcolm Baldrige Criteria for Performance Excellence.**

The Malcolm Baldrige Criteria for Performance Excellence forms the basis for *the Army Performance Improvement Criteria (APIC)*. The *APIC* rewords these Criteria to fit the unique nature of the Army Mission. It uses the applicable business principles embedded in these Criteria to continuously improve the Army's ability to be persuasive in peace and invincible in war. Army organizations use the *APIC* self-assessment to view how well their current processes support their stated goals. It provides a systematic review that indicates the degree to which these processes are linked and aligned towards mission accomplishment. The *APIC* supports the strategic planning process. It applies with equal effectiveness to both TOE and TDA units. The *APIC* is a combat multiplier that enables an organization to become more than just the sum of its many parts.

Criteria Purpose

The *Army Performance Improvement Criteria* supports Total Army Quality in three ways:

- Provides a systematic, disciplined approach to deal with the dynamics of change by providing a working tool for strategic planning, conducting organizational assessments, analysis, training, and performance improvement planning.
- Raises the organization's performance expectations and standards by improving business practices and capabilities.
- Establishes common performance criteria to facilitate communication and sharing of the best management techniques, strategies, and performance practices among Army organizations, federal agencies, business, and industry.

***APIC* GOAL:** To improve the overall effectiveness and efficiency of Army organizations in delivering continuous value to customers, resulting in mission success.

The Strategic Management and Innovations Division, Office of the Chief of Staff, Army, provides the *APIC* to Army organizations to conduct organizational self-assessments and measure continuous improvement.

*The APIC is **not** an additional requirement for your organization.* It is an effective methodology to manage your organization. Those organizations that have adopted the *APIC* can demonstrate increased effectiveness and efficiencies. Specifically, they have higher levels of customer satisfaction, greater employee morale, and increased cost efficiencies. This mirrors the improvement seen by the private sector that conducts self-assessments based on the Baldrige Criteria for Performance Excellence. It is part of *doing business as usual*.

The *APIC* generates continuous improvement over time. When properly conducted, the self-assessment reveals the health of your organization, identifies strengths, and pinpoints opportunities to improve management practices and programs. Through continuous self-assessment, your organization can review, prioritize, and select the best approach for getting results.

Core Values and Concepts

The Criteria are the basis for organizational self-assessments, for an award program such as the Army Communities of Excellence (ACOE), and for giving feedback to applicants. In addition, the Criteria have three important roles in strengthening government performance:

- to help improve organizational performance practices, capabilities, and results
- to facilitate communication and sharing of best practice information among organizations of all types
- to serve as a working tool for understanding and managing performance and for guiding planning and opportunities for learning

The Criteria are designed to help organizations use an aligned approach to organizational performance management that results in:

- delivery of ever-improving value to customers, contributing to performance success
- improvement of overall organizational effectiveness and capabilities
- organizational and personal learning

The Criteria are built upon a set of interrelated core values and concepts. These values and concepts, given below, are embedded beliefs and behaviors found in high-performing organizations. They are the foundation for integrating key performance requirements within a results-oriented framework that creates a basis for action and feedback. The Criteria, when used as a tool for self-assessment or Award examination, determine the extent to which these core values and concepts have been institutionalized by an organization and embedded in the organization's management culture.

Visionary Leadership – *senior leader's capacity for setting key directions for the organization by action and example for both warfighting and change*

We are about leadership; it is our stock in trade and it is what makes us different. An organization's senior leaders need to set directions and create a customer focus, clear and visible values, and high expectations. The directions, values, and expectations should balance the needs of all your stakeholders. Your leaders need to ensure the creation of strategies, systems, and methods for achieving excellence, stimulating innovation, and building knowledge and capabilities. The values and strategies should help guide all activities and decisions of your organization. Senior leaders should inspire and motivate your entire work force and should encourage each employee to contribute, to develop and learn, to be innovative, and to be creative. We invest today in the Nation's leadership for tomorrow.

Senior leaders should serve as role models through their ethical behavior and personal involvement in planning, communications, coaching, developing future leaders, review of organization performance, and employee recognition. As role models, they can reinforce values and expectations while building leadership, commitment, and initiative throughout the organization.

Customer-Driven – *the organization's focus on its customers and the ability to ensure its operations meet customer needs*

An organization's customers judge quality and performance. All Army organizations have customers. The Army's customers vary. They may include the Warfighting Commander-in-Chiefs (CINCs), other Army organizations, our supervisors, soldiers and civilians, family members and fellow citizens. High-performing organizations consider customer expectations. Thus, your organization must take into account all product and service features and characteristics, and all modes of customer access that contribute value to your customers and lead to customer acquisition, satisfaction, preference, referral, and loyalty, as well as business expansion. Customer-driven excellence has both current and future components – understanding today's customer desires and anticipating future customer desires and marketplace offerings.

Many factors throughout your customer's overall purchase, ownership, and service experiences may influence *value and satisfaction*. These factors include your organization's relationship with customers that help build trust, confidence, and loyalty.

Customer driven excellence means much more than reducing defects and errors, merely meeting specifications, or reducing complaints. Nevertheless, reducing defects and errors and eliminating causes of dissatisfaction contribute to your customer's view of your organization, and are thus also important parts of customer-driven excellence. In addition, your organization's success in recovering from defects and mistakes ("making things right for your customer") is crucial to retaining customers and building customer relationships.

Customer-driven organizations address not only the product and service characteristics that meet basic customer requirements, but also those features and characteristics that differentiate products and services from competing offerings. Such differentiation might be based upon new or modified offerings, combinations of product and service offerings, customization of offerings, multiple access mechanisms, rapid response, or special relationships.

Customer-driven excellence is thus a strategic concept. It is directed toward customer retention, market share gain, and growth. It demands constant sensitivity to changing and emerging customer, market, and mission requirements, and to the factors that drive customer satisfaction and retention. It demands anticipating changes in the marketplace. Therefore, customer-driven excellence demands awareness of developments in technology and competitors' offerings, as well as rapid and flexible response to customer and market requirements. Processes are developed to meet customer needs; measurement systems are developed to track progress; and information is collected and used to improve work processes and the products and services delivered to customers. In high-performing organizations, everyone in the organization shares the vision, has a sense of community and commitment to a common purpose of meeting customer requirements, and works together to create an alignment of the goals of the organization.

Organizational and Personal Learning – *the ability of the organization to acquire, share, and use knowledge to improve*

Achieving the highest levels of performance requires a well-executed approach to organizational and personal learning. Organizational learning includes both continuous improvement of existing approaches and adaptation to change, leading to new goals and/or approaches. Learning needs to be "embedded" in the way your organization operates. This means that learning: (1) is a regular part of the daily work; (2) is practiced at personal, work unit, and organizational levels; (3) results in solving problems at their source ("root cause"); (4) is focused on sharing knowledge throughout your organization; and (5) is driven by opportunities to effect significant change and to do better. Sources for learning include employee ideas, research and development, customer input, best practice sharing, and benchmarking.

Organizational learning can result in: (1) enhancing value to customers through new and improved products and services; (2) developing new business opportunities; (3) reducing errors, defects, waste, and related costs; (4) improving responsiveness and cycle-time performance; (5) increasing productivity and effectiveness in the use of all resources throughout your organization; and (6) enhancing your organization's performance in fulfilling its public responsibilities and service as a good citizen.

Employee success depends increasingly on having opportunities for personal learning and practicing new skills. Organizations invest in employee personal learning through education, training, and opportunities for continuing growth. Opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to train and to better link training to your organizational needs and priorities. Education and training programs may benefit from advanced technologies, such as computer- and Internet-based learning and satellite broadcasts.

Personal learning can result in (1) more satisfied and versatile employees who stay with the organization; (2) organizational cross-functional learning; and (3) an improved environment for innovation.

Thus, learning is directed not only toward better products and services, but also toward being more responsive, adaptive, and efficient – giving your organization and marketplace sustainability and performance advantages.

Valuing Employees and Partners – *Invest in people – Commitment to soldiers, civilian employees, and partners to optimize the opportunities for success in their work environment*

An organization's success depends increasingly on the knowledge, skills, creativity, and motivation of its employees and partners.

Valuing employees means committing to their satisfaction, development, and well-being. Increasingly, this involves more flexible, high performance work practices tailored to soldiers and civilian employees with diverse workplace and home life needs. This also means aligning human resource management with business plans and strategic change processes. This approach improves the integration and alignment of human resources management with business directions.

Major challenges in the area of work force development include: (1) demonstrating your leaders' commitment to soldiers and civilian employees; (2) recognition that goes beyond the regular compensation system; (3) development and progression within your organization; (4) sharing your organization's knowledge so soldiers and civilian employees can better serve customers and contribute to achieving your strategic objectives; and (5) creating an environment that encourages risk taking.

Organizations need to build internal and external partnerships to better accomplish overall goals. Internal partnerships might include labor-management cooperation, such as agreements with unions. Partnerships with employees might entail soldier and employee development, cross training, or new work organizations, such as high performance work teams. Internal partnerships can involve creating network relationships among your work units to improve flexibility, responsiveness, and knowledge sharing.

External partnerships might be with customers, suppliers, and education organizations. Strategic partnerships or alliances are increasingly important kinds of external partnerships. Such partnerships might offer entry into new markets or a basis for new products and services. Also, partnerships might permit the blending of your organization's core competencies or leadership capabilities with the complementary strengths and capabilities of partners.

Successful internal and external partnerships develop longer-term objectives, thereby creating a basis for mutual investments and respect. Partners should address the key requirements for success, means of regular communication, approaches to evaluating progress, and means for adapting to changing conditions. In some cases, joint education and training could offer a cost-effective method for soldier and civilian employee development.

Agility – *The ability to transition rapidly within or between operations, warfighting or business, thus ensuring flexibility*

Success in globally competitive markets and success in meeting public expectations of the Government/Army demands creating a capacity for rapid strategic response, change and flexibility. All aspects of e-commerce/government require and enable more rapid, flexible, and customized responses. The Army faces ever-shorter cycles for introducing adaptive forces, formations, and materiel solutions to dominate at any point on the spectrum of operations. Government organizations, as well as businesses, face even shorter cycles for introduction of new or improved products and services as well as for faster and more flexible response to customers. Major improvements in response time often require simplification of work units and processes and/or the ability for rapid changeover from one process to another. Cross-trained and empowered employees are vital assets in such a demanding environment.

A major success factor in meeting challenges is the design-to-introduction (product/service initiation) cycle time. To meet the demands of rapidly changing global markets, organizations need to carry out stage-to-stage integration (such as concurrent engineering) of activities from research/concept to product/service delivery/commercialization (fielding).

All aspects of time performance now are more critical, and cycle time has become a key process measure. Other important benefits can be derived from this focus on time; time improvements often drive simultaneous improvements in organization, quality, cost, and productivity.

Focus on the Future – *remaining the world's finest land force for the next crisis, next war, and an uncertain future requires operating strategically and possessing a long-range orientation*

In today's competitive environment, a focus on the future requires understanding the short- and longer-term factors that affect your business and marketplace. Pursuit of sustainable growth and market leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your customers, soldiers and civilian employees, suppliers and partners, the public, and your community. Your organization's planning should anticipate many factors, such as customers' expectations, new business and partnering opportunities, the increasingly global marketplace, technological developments, changing expectations of Congress and the Executive Branch, the evolving e-commerce/government environment, new customer and market segments, evolving regulatory requirements, community/societal expectations, and strategic moves by competitors. Strategic objectives and resource allocations need to accommodate these influences. A focus on the future includes developing soldiers, civilian employees and suppliers, creating opportunities for innovation, and anticipating public responsibilities.

Managing for Innovation – *the capacity to develop creative and effective products and solutions to increase strategic and tactical responsiveness*

Innovation is making meaningful change to improve an organization's products, services, and processes and create new value for the organization's stakeholders. Innovation should lead your organization to new dimensions of performance. Innovation is no longer strictly the purview of research and development departments. Innovation is important for all aspects of your business and all processes. Organizations should be led and managed so that innovation becomes part of the culture and is integrated into daily work.

Management by Fact – *reliance on data and analysis in decision-making*

Organizations depend upon the measurement and analysis of performance. Such measurements should derive from your organization's needs and strategy, and they should provide critical data and information about key processes, outputs and results. Many types of data and information are needed for performance management. Performance measurements should include customer, product, and service performance; comparisons of operational, market and competitive performance; and supplier, employee, and cost and financial performance.

Analysis refers to extracting larger meaning from data and information to support evaluation, decision-making, and operational improvement within your organization. Analysis entails using data to determine trends, projections, and cause and effect that might not be otherwise evident. Analysis supports a variety of purposes, such as planning, reviewing your overall performance, improving operations, change management, and comparing your performance with others working in similar environments, competitors, or with "best practices" benchmarks.

A major consideration in performance improvement and change management involves the selection and use of performance measures or indicators. *The measures or indicators you select should best represent the factors that lead to improved mission accomplishment, customer satisfaction, and operational and financial performance. A comprehensive set of measures or indicators tied to customer and/or organization performance requirements represents a clear basis for aligning all activities with your organization's goals.* Through the analysis of data obtained from the tracking processes, the measures or indicators may be evaluated and changed to better support such goals. For example, measures selected to track product and service quality may have a direct correlation to customer satisfaction results.

Public Responsibility and Citizenship – *proactive and responsive commitment to the needs and concerns of the community and the larger public*

An organization's leadership needs to stress its responsibilities to the public and needs to practice good citizenship. These responsibilities refer to basic expectations of your organization related to business ethics and protection of public health, safety, and the environment. Protection of health, safety, and the environment include your organization's operations as well as the life cycles of your products and services. Also, organizations should emphasize resource conservation and waste reduction at the source. Planning should anticipate adverse impacts from production, facilities management, distribution, transportation, use, and disposal of your products. Effective planning should prevent problems, provide a forthright response if problems occur, and make available information and support needed to maintain public awareness, safety, and confidence.

For many organizations, the product design stage is critical from the point of view of public responsibility. Design decisions impact your production processes and often the content of municipal and industrial wastes. Effective design strategies should anticipate growing environmental concerns and responsibilities.

Organizations should not only meet all local, state and Federal laws and regulatory requirements; they should treat these and related requirements as opportunities for continuous improvement "beyond mere compliance." This requires the use of appropriate measures in managing public responsibility.

Practicing good citizenship refers to leadership and support, within limits of your organization's resources, of publicly important purposes. Such purposes might include providing support to education and health care in the community, environmental excellence, resource conservation, community service, industry and business practices, and sharing non-sensitive/proprietary information. Leadership as a corporate citizen also entails influencing other organizations, private and public, to partner for these purposes. For example, your organization might participate in efforts to help define the obligations of other government entities to their communities.

Focus on Results and Creating Value – *the orientation to managing toward key outcomes for mission accomplishment and meeting customer needs*

An organization's performance measurements need to focus on key results. Results should be used to create and balance value for all your key stakeholders – customers, soldiers and civilian employees, suppliers and partners, the Warfighting CINCs, Congress, the White House, the public, and the community. By creating value for all your stakeholders, your organization builds loyalty and contributes to the defense of the Nation. To meet the sometimes conflicting and changing aims that balancing value implies, organization strategy should explicitly include all stakeholder requirements. This will help to ensure that actions and plans meet differing stakeholder needs and avoid adverse impacts on any stakeholders. The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short- and long-term priorities, to monitor actual performance, and to provide a clear basis for improving results. Senior leaders have the basic responsibility of balancing the necessity of being entrepreneurial with their responsibility for directed missions and functions.

Systems Perspective – *the ability of the organization to view its operations holistically and understand how its parts interact; the ability to align activities effectively*

The Army Performance Improvement Criteria (APIC) provide a systems perspective for managing your organization to achieve performance excellence. The core values and the seven Categories form the building blocks and integrating mechanism for the system. Successful management of the organization's overall performance requires organization-specific synthesis and alignment. Synthesis means looking at your organization as a whole and building upon key business requirements, including your strategic objectives and action plans. Alignment means using the key linkages among requirements given in the Categories, including the key measures/indicators.

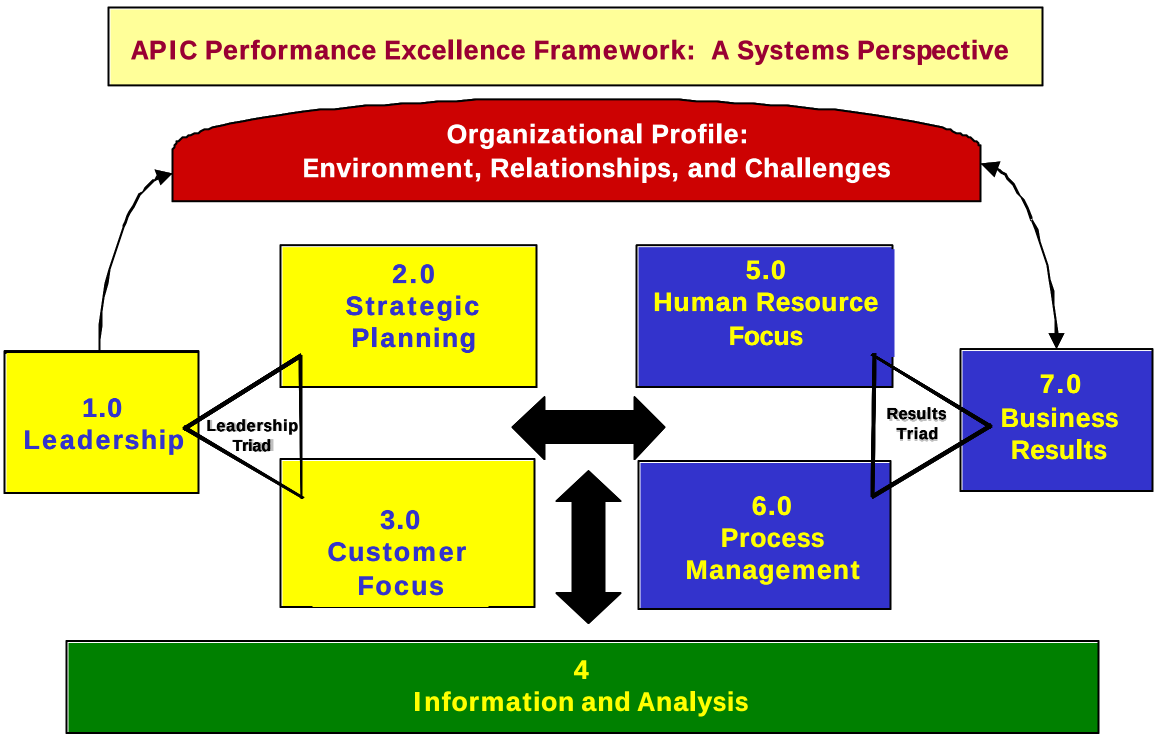
Alignment is depicted by the Criteria for Performance Excellence Framework on page 7. Alignment includes your senior leaders' focus on strategic directions and on your customers. It means that your senior leaders monitor, respond to, and manage performance based on your business results. Alignment includes using your measures/indicators to link your key strategies with your key processes and align your resources to improve overall performance and satisfy customers. Alignment means that your senior leaders are focused on both strategic directions and on your customers. It means that your senior leaders monitor, respond to, and build on your business results.

Criteria for Performance Excellence Framework

The core values and concepts are embodied in seven Categories, as follows:

1 Leadership
2 Strategic Planning
3 Customer Focus
4 Information and Analysis
5 Human Resource Focus
6 Process Management
7 Business Results

The framework connecting and integrating the Categories is given in the figure below.



Foundation of a Performance Management System

From top to bottom, the framework has the following basic elements.

Organizational Profile

Your organizational Profile (top of figure) sets the context for the way your organization operates. Your environment, key working relationships, and strategic challenges serve as an overarching guide for your organizational performance management system.

System

The system is composed of the six Army Performance Improvement Criteria Categories in the center of the figure that define the organization, its operations, and its results.

Leadership (Category 1), Strategic Planning (Category 2), and Customer and Market Focus (Category 3) represent the leadership triad. These Categories are placed together to emphasize the importance of a leadership focus on strategy and customers. Senior leaders set organizational direction and seek future opportunities for your organization.

Human Resource Focus (Category 5), Process Management (Category 6), and Business Results (Category 7) represent the results triad. Your organization's employees and its key processes accomplish the work of the organization that yields your Business Results. All actions point toward Business Results – a composite of customer, financial, and operational performance results, including human resource results and public responsibility.

The horizontal arrow in the center of the framework links the leadership triad to the results triad, a linkage critical to organizational success. Furthermore, the arrow indicates the central relationship between Leadership (Category 1) and Business Results (Category 7). The two-headed arrow indicates the importance of feedback in an effective performance management system.

Information and Analysis

Information and Analysis (Category 4) are critical to the effective management of the organization and to a fact-based system for improving organizational performance and competitiveness. Information and Analysis serve as a foundation for the performance management system.

Criteria Structure

The seven Criteria Categories shown in the figure are subdivided into Items and Areas to Address. Items and Areas to Address help focus your self-assessment of your organization.

Items

There are 18 Items, each focusing on a major requirement. Item titles and point values are given on page 13.

Areas to Address

Items consist of one or more Areas to Address (Areas). Organizations should address their responses to the specific requirements of these Areas.

Key Characteristics of the Criteria

1. The Criteria focus on organization results.

The Criteria focus on the key areas of business performance, given below.

- customer focused results;
- financial and market results;
- human resource results;
- supplier and partner results; and
- organizational effectiveness results.

The use of this composite of indicators is intended to ensure that strategies are *balanced* – that they do not inappropriately trade off among important stakeholders, objectives, or short- and long-term goals.

2. The Criteria are non-prescriptive and adaptable.

The Criteria are made up of results-oriented requirements. However, the Criteria ***do not*** prescribe:

- specific tools, techniques, technologies, systems, measures, or starting points;
- that an organization should or should not have departments for quality, planning, or other functions;
- how the organization itself should be structured; or
- that different units in an organization should be managed in the same way.

These factors are important and are likely to change as needs and strategies evolve. Hence, the Criteria do emphasize that such factors be evaluated as part of the organization's performance reviews.

The Criteria are non-prescriptive because:

- The focus is on results, not on procedures, tools, or organizational structure. Organizations are encouraged to develop and *demonstrate* creative, adaptive, and flexible approaches for meeting basic requirements. Non-prescriptive requirements are intended to foster incremental and major ("breakthrough") improvements as well as basic change.
- Selection of tools, techniques, systems, and organizational structure usually depends upon factors such as organization type and size, your organization's stage of development, and employee capabilities and responsibilities.
- Focus on common requirements, rather than on common procedures, fosters better understanding, communication, sharing, and alignment, while supporting innovation and diversity in approaches.

3. The Criteria support a systems perspective to maintaining organization-wide goal alignment.

The systems perspective to goal alignment is embedded in the integrated structure of the Core Values and Concepts, the Criteria, and the results-oriented, cause-effect linkages among the Criteria Items.

Alignment in the Criteria is built around connecting and reinforcing measures derived from your organization's strategy. These measures tie directly to customer value and to overall performance. The use of measures thus channels different activities in consistent directions with less need for detailed procedures, centralized decision-making, or process management. Measures thereby serve both as a communications tool and a basis for deploying consistent overall performance requirements. Such alignment ensures consistency of purpose while also supporting agility, innovation, and decentralized decision-making.

A systems perspective to goal alignment, particularly when strategy and goals change over time, requires dynamic linkages among Criteria Items. In the Criteria, action-oriented cycles of learning take place via feedback between processes and results.

The learning cycles have four clearly defined stages:

(1) planning, including design of processes, selection of measures, and deployment of requirements;
(2) execution of plans;
(3) assessment of progress, taking into account internal and external results; and
(4) revision of plans based upon assessment findings, learning, new inputs, and new requirements.

4. The Criteria support goal-based diagnosis.

The Criteria and the Scoring Guidelines make up a two-part diagnostic (assessment) system. The Criteria are a set of 18 performance-oriented requirements. The Scoring Guidelines spell out the assessment dimensions – Approach, Deployment, and Results – and the key factors used to assess against each dimension. An assessment thus provides a profile of strengths and opportunities for improvement relative to the 18 basic requirements. In this way, assessment leads to actions that contribute to performance improvement in the results composite described above. This diagnostic assessment is a useful management tool that goes beyond most performance reviews and is applicable to a wide range of strategies and management systems.

Changes From the 2000 Criteria

The Army Performance Improvement Criteria (APIC) have evolved significantly over the last several years toward comprehensive coverage of strategy-driven performance, addressing the needs of all stakeholders – customers, employees, stockholders, suppliers and partners, and the public and to accommodate important changes in business needs and practices. The increasing importance of e-commerce, the use of Internet-based interactions, and the alignment of all aspects of your performance management system receive greater attention in the 2001 Criteria. In addition, the Criteria emphasize the roles of data, information, and information and knowledge management and their use in business.

Criteria questions have been better aligned throughout the seven Categories and in the new Organizational Profile to accomplish the purpose of APIC self-assessment and external assessment: to determine organizational gaps and strength of performance in results areas (Category 7).

The Organizational Profile, the Criteria Items, and the Scoring Guidelines have been aligned so that the assessment addresses both changing business needs/directions and ongoing evaluation/improvement of key processes. Both are important because prioritized process improvement ("doing things better") and addressing changing needs ("doing the right business things") are critical to success in an increasingly competitive environment, and they frequently compete for the same resources. The most significant changes in the Criteria are summarized as follows:

- The number of Items has been reduced from 19 to 18.
- The number of Areas to Address have been increased from 27 to 30.
- A new Preface entitled Organizational Profile replaces the Business Overview from the 2000. Its placement at the front of the Criteria sets your organizational context for responding to the Criteria Items.
- The Glossary of Key Terms continues to be revised and expanded.
- Category 4, Information and Analysis, now includes an Item on information management. The Category has been rewritten to recognize the growing importance of the Internet and e-commerce and your dependence on reliable information from these communication vehicles.
- Category 6, Process Management, now specifically addresses all key product, service, and other business processes.
- Example figures from an actual assessment are included in Item 7.1.

There have been some changes in all Criteria Items; the most significant changes are highlighted and discussed below.

Preface: Organizational Profile

- This new section, to be completed before addressing the Criteria Items, sets a basis for your APIC assessment. It is written in the same question format as the Criteria Items.
- The Organizational Profile is the starting point for self-assessment and for writing an application. It also may be used by itself for an initial self-assessment; if you identify topics for which conflicting, little, or no information is available, it is possible that your assessment need go no further, and you can use these topics for action planning.

Category 1: Leadership

- Item 1.1, Organizational Leadership, has been modified to better emphasize the senior leader's role in creating and setting the current and future environment and in reviewing organizational performance.

Category 2: Strategic Planning

- You now are asked to respond in terms of your short- and longer-term planning time horizons, recognizing that these horizons are quite different among organizations and industries.
- In Item 2.1, Strategy Development, you now are asked how your strategic objectives align with challenges identified in your Organizational Profile.

Category 3: Customer Focus

- Item 3.2, now Customer Relationships and Satisfaction, places greater emphasis on the key aspects of relationship building: customer acquisition, satisfaction, and retention and business expansion.

Category 4: Information and Analysis

- Item 4.1, now Measurement and Analysis of Organizational Performance, combines Items 4.1 and 4.2 from the 2000 Criteria. This Item continues to stress measuring, analyzing, aligning, and improving performance throughout the organization.
- Item 4.2, Information Management, is a new Item addressing the availability, quality, and accessibility of data and quality of software and hardware.

Category 5: Human Resource Focus

- Item 5.1, Work Systems, now includes succession planning and a stronger focus on organizing and managing for improved cooperation, communication, and knowledge sharing.

Category 6: Process Management

- Item 6.2, Business and Support Processes, now includes business processes, which is a new Item that asks you to identify and describe your key non-product/non-service processes that lead to business growth and success. Business processes has been added in the recognition of the growing importance of processes such as supply chain management, technology acquisition, research and development, and knowledge management. Questions addressing support processes ask you to identify and describe your key processes that support your daily operations and employees in delivering products and services.

Category 7: Business Results

- Item 7.1, Customer-Focused Results, now has two Areas to Address, in recognition of the importance of both customer measures and product/service measures to determining customer satisfaction and loyalty.
- Item 7.4, Organizational Effectiveness Results, was Item 7.5 in 2000. This Item now covers a wider range of performance, including Supplier and Partner Results, which was a separate Item (7.4) in 2000. Public Responsibility and Citizenship Results have been made a separate Area to Address in recognition of the importance of these results to the communities served by your organization

Scoring Guidelines

- Descriptors for the Approach-Deployment scoring ranges have been modified to highlight the importance of addressing evaluation and improvement, as well as changing business needs.

2001 Army Performance Improvement Criteria – Item Listing

Categories/Items		Item Points	Point Values
	Preface: Organizational Profile		
	P.1 Organization Description		
	P.2 Organizational Challenges		
1.0	**Leadership**		**125**
	1.1 Organizational Leadership	90	
	1.2 Public Responsibility and Citizenship	35	
2.0	**Strategic Planning**		**95**
	2.1 Strategy Development	45	
	2.2 Strategy Deployment	50	
3.0	**Customer Focus**		**95**
	3.1 Customer and Market Knowledge	45	
	3.2 Customer Relationships and Satisfaction	50	
4.0	**Information and Analysis**		**95**
	4.1 Measurement and Analysis of Organizational Performance	45	
	4.2 Information Management	50	
5.0	**Human Resource Focus**		**95**
	5.1 Work Systems	35	
	5.2 Employee Education, Training, and Development	30	
	5.3 Employee Well-Being and Satisfaction	30	
6.0	**Process Management**		**95**
	6.1 Product and Service Processes	50	
	6.2 Business and Support Processes	20	
	6.3 Supplier and Partnering Processes	25	
7.0	**Business Results**		**400**
	7.1 Customer Focused Results	140	
	7.2 Financial Performance Results	50	
	7.3 Human Resource Results	75	
	7.4 Organizational Effectiveness Results	135	
TOTAL POINTS			**1000**

Note: The Scoring System and Guidelines used with the Criteria Items in an APIC assessment are on pages 113.

Preface: Organizational Profile

The ***Organizational Profile*** is a snapshot of your organization, the key influences on how you operate, and the key challenges you face.

P.1 Organizational Description

Describe your organization's business environment and your key relationships with customers, suppliers, and other partners.

Within your response, include answers to the following questions:

a. Organizational Environment

(1) What are your organization's mandated mission, main products and/or services? Include a description of how your products and services are delivered to customers.

(2) What is your organizational context/culture? Include your purpose, vision, mission, and values, as appropriate.

(3) What is your employee profile? Include educational levels, workforce and job diversity, bargaining units, use of contract employees, and special safety requirements, as appropriate.

(4) What are your major technologies, equipment, and facilities?

(5) What is the operational environment under which your organization operates? Include unique laws or regulations which impact your operations, including occupational health and safety regulations; accreditation requirements; and environmental, financial, and product regulations.

(6) What are your organizations major mission or market/service areas (local, regional, national, global, etc.)?

b. Organizational Relationships

(1) What are your key customer groups and/or market segments? What are their key requirements for your products and services? Include how these requirements differ among customer groups and/or market segments, as appropriate.

(2) What are your most important types of suppliers and dealers and your most important supply chain requirements? What are your key supplier and customer partnering relationships and communication mechanisms?

(3) If your organization is a subunit of a larger organization, describe:

- the organizational relationship to your "parent" and percent of employees the subunit represents;
- how products and services relate to those of your "parent" and other units of the "parent" organization, and;
- key support services, if any, that your "parent" organization provides.

Notes:

N1. Customer group and market segment requirements (P.1b(1)) might include on-time delivery, low defect levels, price reductions, electronic communication, and after-sales service.

N2. Communication mechanisms (P.1b(2)) should be two-way and might be in person, electronic, by telephone, and/or written. For many organizations, these mechanisms might be changing.

N3. Consideration of principal customers should include their category (voluntary, entitled, and compelled) where appropriate and principal customer types (consumers, businesses, other government agencies, etc.).

For definition of the following key term, see page 118: customer

P.2 Organizational Challenges

Describe your organization's competitive environment, your key strategic challenges, and your system for performance improvement.

Within your response, include answers to the following questions:

a. Competitive Environment

(1) What is your competitive position? Include your relative size and growth in your industry and the numbers and types of your competitors or like/similar organizations.

(2) What are the principal factors that determine your success? Include factors relative to mission accomplishment, the competitive environment, or like/similar organizations? Include any changes taking place such as regulatory clarification, reduction or simplification, product innovation, cost reduction, technology, productivity or other changes taking place in the organization that affect mission success or your competitive situation.

b. Strategic Challenges

What are your key strategic challenges? Include operational, human resource, business, local, regional, national, and global challenges, as appropriate.

c. Performance Improvement System

How do you maintain an organizational focus on performance improvement? Include your approach to systematic evaluation and improvement of key processes and to fostering organizational learning and knowledge sharing.

Notes:

N1. Government organizations are increasingly transitioning toward a competitive environment. Sources of competition include private business, other government organizations (national, state, and local) and from downsizing/outsourcing initiatives. Not all government organizations exist within a competitive environment. Organizations not in a competitive environment should explain why and provide a description of the environment in which they operate. These organizations should show how they use comparisons to like or similar organizations to improve performance on a continuous basis.

N2. Factors (P.2a (2)) might include differentiators such as price leadership, design services, e-services, geographic proximity, and warranty and product options.

N3. Challenges (P.2b) might include electronic communication with businesses and end-use consumers, reduced product introduction cycle times, mergers and acquisitions, global marketing and competition, customer retention, staff retention, and value chain integration.

N4. Performance improvement (P.2c) is an assessment dimension used in the Scoring System to evaluate the maturity of organizational approaches and deployment (see pages 113-116). This question is intended to help you set a context for your approach to performance improvement.

Importance of Your Organizational Profile

Your Organizational Profile is critically important because

- it is the most appropriate starting point for self-assessment;
- it helps you identify potential gaps in key information and focus on key performance requirements and business results;
- it may be used by itself for an initial self-assessment. *If you identify topics for which conflicting, little, or no information is available, it is possible that your assessment need go no further and you can use these topics for action planning;*
- it is may also be used by the Examiners and Judges in all stages of application review for the President's Quality Award and Army Communities of Excellence Programs, including the site visit, to understand your organization and what you consider important.

Page Limit

The organizational profile is generally five pages of text plus a one page organizational chart.

Army Performance Improvement Criteria 2000

1.0 Leadership (125 pts.)

The **Leadership Category** examines how your organization's senior leaders address values and performance expectations, as well as focus on customers and other stakeholders, empowerment, innovation, learning and organizational directions. Also examined is how your organization addresses its societal responsibilities and community involvement.

1.1 Organizational Leadership (90 pts.) [Approach-Deployment]

Describe how senior leaders guide your organization and review organizational performance.

Within your response, include answers to the following questions:

a. Senior Leadership Direction

(1) How do senior leaders set, communicate, and deploy: a) organizational values, b) short- and longer-term directions, and c) performance expectations including a focus on creating and balancing value for customers and other stakeholders? Include how senior leaders communicate values, directions, and expectations through your leadership system and to all employees.

(2) How do senior leaders create and reinforce an environment for empowerment, innovation, organizational agility, and organizational and employee learning?

b. Organizational Performance Review

(1) How do senior leaders review organizational performance and capabilities to assess organizational success, competitive performance, and progress relative to short- and longer-term goals and the ability to address changing organizational needs? Include the key performance measures regularly reviewed by your senior leaders. Also, include your key recent performance review findings.

(2) How are organizational performance review findings translated into priorities for improvement and opportunities for innovation? How are they deployed throughout your organization and, as appropriate, to your suppliers/partners to ensure organizational alignment?

(3) How do senior leaders use organizational performance review findings and employee feedback to improve both their own leadership and your leadership system?

Notes:

N1. Senior leaders are normally defined as the highest ranking official and those leaders reporting directly to that official. For some organizations, senior leaders may include union leadership.

N2. Organizational short- and longer-term directions (1.1a (1)) relate to strategic objectives and action plans described in Items 2.1 and 2.2.

N3. Senior leader's organizational performance reviews (1.1b) should be based on organizational performance analyses described in 4.1b and strategic objectives and action plans described in Items 2.1 and 2.2.

N4. Your organizational performance results should be reported in Items 7.1, 7.2, 7.3, and 7.4

For definition of the following key terms, see the glossary starting at page 117: alignment, approach, deployment, empowerment, innovation, leadership system, performance, measures, senior leaders, stakeholders, strategic objectives, and value.

Leadership addresses how the senior leaders guide the organization in setting directions and seeking future opportunities. Primary attention is given to how the senior leaders set and deploy clear values and high performance expectations that address the needs of all stakeholders. The Category also includes the organization's responsibilities to the public and how the organization practices good citizenship.

1.1 Organizational Leadership

Purpose

This Item examines the key aspects of your organization's leadership and the roles of your senior leaders, with the aim of creating and sustaining a high performance organization.

Requirements

You are asked how your senior leaders:

- set, communicate and deploy values, performance expectations, and short- and longer-term directions, taking into account the expectations of customers, employees, suppliers, the Congress, the public and other stakeholders. This includes how leaders create an environment of empowerment, innovation, organizational agility and learning; and
- review organizational performance, what key performance measures they regularly review, and how review findings are used to drive improvement and innovation, including improvement in your leaders' effectiveness.

Comments

Leadership's central role in setting directions, creating and balancing value for all stakeholders, and driving performance are the focus for this item. Success requires a strong orientation to the future and a commitment to both improvement and innovation. Increasingly, this requires creating an environment for empowerment and agility, as well as the means for rapid and effective application of knowledge.

The organizational review called for in this Item is intended to cover all areas of performance. This includes not only how well you are currently performing, but also how well you are moving toward the future. It is anticipated that the review finding will provide a reliable means to guide both improvement and opportunities for innovation that are tied to your organization's key objectives, success factors, and measures. Therefore, an important component of your senior leaders' organizational review is the translation of the review findings into an action agenda, sufficiently specific for deployment throughout your organization and to your suppliers/partners and key customers.

Specifically, this item examines the central roles of leadership: (1) creating values and expectations; (2) setting directions; (3) projecting a strong customer focus; (4) encouraging innovation; (5) developing and maintaining an effective leadership structure; and (6) effectively demonstrating, communicating, and deploying values, directions, expectations, and a strong customer focus. Setting directions includes creating future opportunities for the organization and its stakeholders. An effective leader promotes continuous learning, not only to improve overall performance, but also to involve all employees in the ongoing challenge to enhance customer value. To be successful, leadership must ensure that the organization captures and shares lessons learned. Communication by leadership is critical to organizational success. Communications need to include performance objectives and measures that help provide focus as well as alignment of work units and work processes.

It is important to depict how the reviews and employee feedback are used to improve leadership effectiveness.

Example 1.1 (279th Base Support Battalion, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

1.0 Leadership

We applied our Quality Process Management Cycle (item 6.1) to design a visionary leadership process (fig. 1.1-1), which proactively forces the constant review of our systems perspective and takes advantage of our organizational culture through the systemic approach of valuing employees and partners.

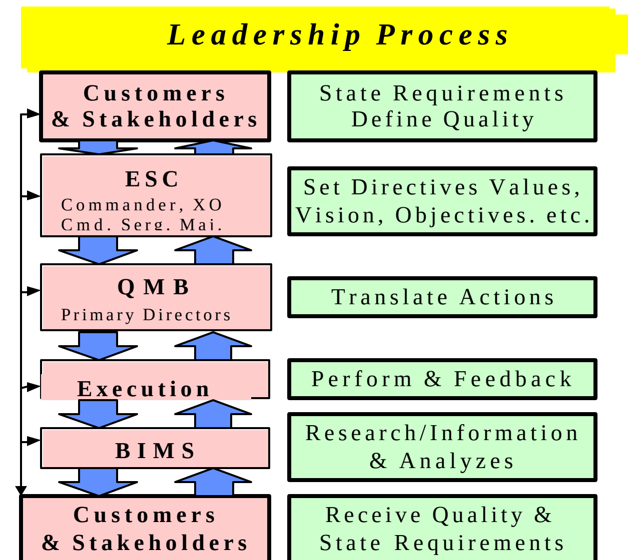


Fig. 1.1-1

Our unified organizational culture (fig. 1.1-2) is the solid platform for organizational and personal learning. To develop this platform, we used the seven ***Army Values (LDRSHP)*** (Overview, fig. O-4) as foundation onto which we built our ***BSB-Values*** (fig. O-5) to serve as ethical cornerstones. Our ***Vision*** (fig. O-6) is the combining driver that creates and sustains ***one common organizational culture*** (OV, item 1.c).

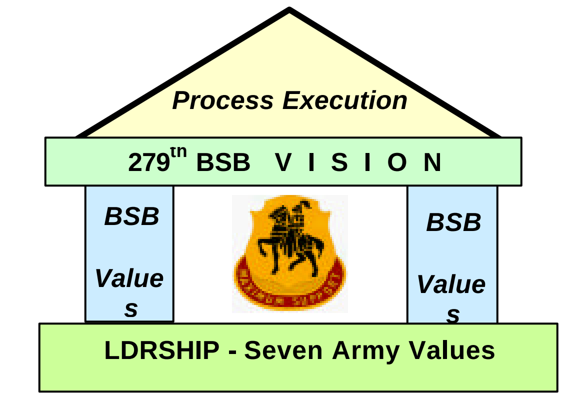


Fig. 1.1-2 ***BSB Organizational Culture***

Figure 1.1-3 depicts the personnel composition of our Leadership Structure.

Leadership Personnel Structure

Executive Steering Committee (ESC)

Voting Members:

BSB Commander (Chairperson)
Command Sergeant Major
Executive Officer

Note: The Commander serves as chairperson and final approving authority

Quality Management Board (QMB)

Voting Members:

Executive Officer
Director DPW (Chairperson)
Director DCA
Director DOL
Director S-2/3
Director PMO

Primary Advisor :

Chief SBPO

Note: The QMB is a self directed team and elects its chairperson. Currently the Director DPW serves as chairperson. The Executive Officer is the liaison between ESC and QMB and is appointed on both teams. The Chief SBPO serves as permanent advisor and additional subject matter experts are designated as required.

Fig. 1.1-3

1.1 Organizational Leadership

1.1a(1) Communication of Values and Expectations

We maintain ***over 44 different "Listening and Learning"*** forums (fig. 3.0-1) and, pre-designated members of the ESC attend each one of these forums. These forums are designed as the predominate tool to communicate with our customers (incl. workforce) and/or stakeholders. They are in fact two folded:

- **to learn from our customers and stakeholders, in regard to what they perceive as most important,**

and

- **to articulate values, vision, direction, and expectations.**

These forums enable our leadership to transform important subject matters into values and performance expectations for the workforce and, to balance these values for external customers and stakeholders.

Additional expectations from the U.S. and German public, statutory/government guidance are obtained from higher headquarters through staff action memorandums and/or quarterly Commanders' meetings at HQ USAREUR.

Additionally, our long range orientation to seek for future opportunities is systematically incorporated into our strategic planning process (item 2.1a), which is annually reviewed by the ESC and QMB.

Following systematically deployed processes focus directly on our leadership direction and, ensure communication to all employees through our leadership structure.

❑ The Executive Steering Committee (ESC) meets every Monday (permanently scheduled 1000-1100 hrs), to share and translate the acquired knowledge into current and future oriented directives and, actionable guidance that focus on results and create values for the organization and associate business partners and customers.

❑ Every Tuesday our Commander meets with the ASG Commander and staff to define organizational performance expectations.

❑ Once a week and for one hour, every senior director is scheduled to meet with the ESC to discuss any matters that impact on values and expectations for customers and/or stakeholders.

❑ Every first and second Thursday per month, our senior activity managers meet in our "Staff-Alignment-Meeting" chaired by the Commander in which alignment and priorities are set for expected activity performance of immediate matters.

❑ Weekly alignment meetings are conducted at directorate, division, and branch level to further disseminate our senior leaders' guidance and directives to all employees.

❑ Every third Thursday per month, we are conducting 2 hour "Senior Leaders' Training" to reinforce the focus of our senior executives to create and balance values for their subordinated personnel, customers and all stakeholders. In this training, the Commander, LTC Lewis himself reiterates our vision and command expectations.

❑ Following our "Senior Leaders Training", the QMB meets every third Thursday to ensure performance expectations are met for cross-functional matters and communication is deployed to all activity elements. The board is appointed by charter and tasked to translate and execute objectives, and implement high performance expectations.

❑ Each board member is also a permanent member of functional proponent meetings (vertical flow of information) at the next higher echelon (ASG). This "dual hatted" constitution enables organizational learning as all members are mandated to share "lessons learned" (horizontal flow of information) with the board and other leadership forums.

❑ Once a month our Commander meets with the local Works Council (union representative) to communicate expectations and to strengthen the leaderships' commitment to valuing employees.

❑ We are conducting four-hour training sessions (Quality Management Workshop) in English and German to reinforce quality management principles and most of all, communicating the BSB's future to the entire workforce.

❑ Senior leaders incorporate vision & values in subordinate employees' evaluation documentation, including Officer Evaluation Reports (OERs), Non-Commissioned Officer Evaluation Reports (NCOERs), and Total Army Performance Evaluation System (TAPES). For Host Nation employees, LTC Lewis personally conveys values and performance expectations at semi annual personnel assemblies and during monthly Works Council meetings.

❑ Our leaders maintain personal contact with the workforce at every possible opportunity. Figure 1.1-4 portrays an average timetable for our leaders, which documents the continued efforts for communication and reinforcement through structured Management-By-Walking-Around.

Time Management of Senior Leaders	Cdr	XO	CSM	QMB
Mgt-By-Walking-Around	50%	50%	60%	50%
Listening & Learning Posts	40%	30%	30%	20%
Administrative Functions	10%	20%	10%	30%

Fig 1.1-4

- ❑ Senior leaders communicate values and in-house performance expectations to our customers during People Encouraging People (PEP) class for family members, Better Opportunities for Single Soldiers (BOSS) focus meetings, and with every new brigade or battalion commander.

- ❑ During our Civilian Personnel Action Center's in-processing class, all new personnel receive a comprehensive in-brief on our vision and mission, and their roles in our quality management system.

- ❑ To create even stronger values for our primary customers, LTC Lewis emphasis organizational values, vision, and performance expectations to all incoming customers during the In-Processing-Training-Course (ITC) class for new soldiers.

- ❑ We use the full range of available media and publications to communicate and reinforce values and expectations. Some of the media include internet home page, email, town hall meetings, "The Warner Post" (community newsletter), the "Crusader" (community paper), flyers, and AFN Radio and television.

- ❑ Our vision and mission is documented on the world wide web on the Bamberg German/American Military Community Home Page (http://www.bamberg.army.mil).

- ❑ The BSB's mission and vision statements, our values, objectives and, Key Business Drivers are printed on our doctrine Strategic Business Plan. This plan is posted in every BSB facility and main office.

- ❑ We installed information boards at every main entrance of our directorates and customer service areas. These boards include news and guidance pertaining to the competitive sourcing study as well as a suggestion box that encourages every individual employee and/or customer to provide feedback to our senior leaders.

1.1a(2) Empowerment & Innovation

Commander LTC Lewis and his senior executives coach the community as a "Living Pattern", generating an atmosphere of trust and motivation that encourages process improvements at each staffing echelon.

As depicted above, our leadership system sets our values as the ethical cornerstones of our operations and our vision aligns cultural diversity into one common organizational culture. Therefore, our employees understand and believe their important role in support of our vision. They feel comfortable to initiate changes and exercise their liberty to manage their work environment.

This well designed process allowed our leadership to share knowledge that enabled our workforce to improve their performance as evidenced in our business results of customer loyalty and perceived value (item 7.1). Following are patterns that further promote this process:

- ❑ The ESC appointed a cross-functional and self directed BSB Management Study Team to make meaningful changes to the BSB's organizational structure, functions and, responsibilities. The team operates with autonomous responsibility and the membership is composed of employees from all organizational echelons, including Works Council representation

- ❑ The QMB is a self directed team, that elects its Chairperson and, maintains an established equivalency among each voting member, disregarding existing supervisory roles.

- ❑ Additionally, each board member serves as "APIC Category Champion" to focus on innovation and improvement that result from applying the criteria's philosophy/principles throughout the entire year.

- ❑ ESC and QMB members furnish immediate information to their subordinated employees. However, neither ESC nor QMB perform direct operational execution within any activities. The division/branch internal operation is at the discretion of each team concerned.

- ❑ Every directorate maintains a permanent PAT for internal improvements, which again is only "guided" by the director/QMB member concerned. This specific process reinforces an environment for empowerment and innovation.

- ❑ For cross-functional matters, the board appoints cross-functional Process Action Teams (item 6.1a) for generic process improvements and innovations. Cross-functional teams are appointed via charter, which documents that the team's internal operation is at the discretion of a self elected team leader.

- ❑ The QMB is also responsible for the design and execution of action plans to support our eight objectives (fig. 2.1-4). For the enhancement of an environment that reinforces empowerment and team building we specifically designed one of our eight objectives (item 2.1b) to:

"Build a Participative Management Team"

This objective is supported by several action plans that encourage individual initiatives, team building, and autonomous responsibility. Item 5.1a outlines the design of our "Work Systems" which fosters employee empowerment, innovation, and organizational and individual learning.

1.1a(3) Directions & Future Opportunities

Our important success factors that determine future opportunities are outlined in item 2.a of the Business Overview. However, our senior leaders set the direction to institute a business ecosystem that creates networks of relationships with customers, suppliers, and rivals to gain competitive advantage. This direction was translated into a simple vision statement (OV, fig. O-6), which is clear and understandable to all employees, customers, and stakeholders. Additionally, to ensure, that business terminology is not a barrier, our senior leaders translated our important success factors (OV item 2.2a) into following guiding and directing statement:

"The future opportunity of our BSB is dependent on two factors:"

- **The choice/request of military troops to be stationed in Bamberg (primary customer)**

and

- **Higher Headquarters to fulfill this request (customer and key stakeholder).**

The process that renders the acquired result of this directive is executed by our senior leaders as depicted below:

⇓ Prior to defining the BSB's, our senior leaders (ESC & QMB) analyze the BSB's mission (Overview, fig. 0-1) and, apply our strategic planning process (fig. 2.1-1).

⇓ This process includes an **environmental scan** with four strategic planning assumptions (fig. 2.1-2), which are translated into nine critical elements suitable for our BSB only (fig. 2.1-3).

⇓ The environmental scan results in design and development of eight strategic objectives (item 2.1b).

⇓ These eight objectives embody the BSB directions for future organizational development and performance expectations. They are printed on our doctrine Strategic Business Plan, which is posted in every BSB facility and main office.

⇓ The staff monitors the execution through our action plans (item 2.2a).

⇒ Quarterly performance reviews reveal process progress and, serves as management tool for further identification for improvements.

❑ Immediate evidences of success in the pursuit of future opportunities are:

- Growth of population (fig. 1.1-5)
- Requests of units to be stationed (fig, 7.1-7)
- Requests of individual soldiers to reenlist (fig. 7.1-8) in the Bamberg Military Community

Population Growth

FY	'93	'94	'95	'96	'97	'98	'99
Population	5219	7500	8500	9021	7859	7931	8091

Fig 1.1-5

Our intention is to stabilize at a total of approximately 9,500 people in the community.

1.1b Organizational Performance Reviews

1.1b(1) Organizational Performance Reviews

Methods for Performance reviews stem from the deployment of our Strategic Planning Process (fig. 2.1-1). It includes a built-in feedback on organizational performance and assessment of organizational health. Further individual elements/processes are added to this feedback process to provide immediate identification of achievements/area for improvements. Individual process elements are depicted below:

❑ The **Bamberg Information Management System *(BIMS)*** tracks quarterly and annual performance progress of Key Processes & Key Support Processes via action plans, and reveals balanced achievements of objectives and Key Business Drivers (KBD) as depicted in item 2.2a & 4.2a. This process enables the performance review of individual processes and summarizes all Key Processes to reflect overall organizational performance (KBD) and progress relative to performance goals (objectives).

❑ Action plans derived from our objectives serve as key performance measures. Our quarterly BIMS includes two balanced organizational summaries that depict organizational performance and progress by (1) KBD and (2) objectives. The correlation of organizational data to support leadership planning is outlined in item 4.1a(1). Examples that portray the deployment and correlation of objectives, Key Processes, Action Plans, and measurements are illustrated in figures 2.2-1, 2.2-3 and 4.2-2. Process owners maintain numerous action plans that measure progress toward the achievement of our objectives. Objectives are designed to fulfill our one and only goal the Bamberg vision.

- ❑ Annual application of our Environmental Scan (item 2.1.a(2)) and the deployment of our Strategic Plan depict organizational capabilities, which are formally documented on the Installation Status Report (ISR).

- ❑ The assessment of organizational health is accomplished through annual reviews of the Bamberg, annual review of Quality Of Life (QOL) standards, the annual APIC self assessment, including the professional utilization of recurring external audits and/or Command Inspections.

- ❑ Competitive performance is reviewed during ASG Commanders' Conferences and are now adopted into the quarterly 98th ASG APIC Information Management System (AIMS).

- ❑ Changing organizational needs are identified through our **"Listening and Learning"** forums (fig. 3.0-1) and addressed immediately. Our senior leaders participate in these forum to obtain further indications of key performance measures.

- ❑ Weekly individual meetings and weekly staff alignment meetings of the ESC with our senior directors and/or suppliers grant systematic review and comparison of immediate expectations versus organizational performance.

- ❑ The Commander personally reviews all customer comment cards, numerous surveys and feedback documents, and involves the appropriate director in the problem resolution and process management.

- ❑ Information revealing employee well being and satisfaction (item 5.3) depict the alignment of our workforce with our objectives (fig. 2.1-4) and their positive or negative perception of our leadership system. Item 7.3 portrays several clear evidences of a most positive attitude. The Installation Volunteer Program and customer feedback are further clear indicators of an effective leadership system.

- ❑ Our work systems (item 5.1a(1)) are designed to reinforce employee engagement. We maintain an "Ask the Boss Luncheon" and an e-mail line on the world wide web home page for the "Ask the Boss Program. These sub-processes encourage our internal (workforce) and external customers to communicate with our leaders either in writing (e-mail) or verbally in a relaxed atmosphere.

- ❑ Personal contacts (fig. 1.1-4), staff alignment meetings (fig. 4.1-4), and other data sources (fig. 3.0-2) complete the efforts of our senior leaders to obtain direct feedback of organizational and individual process performance.

1.1b(2) Priorities for Improvement

Our leadership structure systematically supports our organizational culture, which creates and sustains a platform for creativity, innovation, and reinvention. Results of organizational performance reviews are translated into priorities for improvement through clear guidance and directives and delivered in:

- ❑ Weekly ESC-Director meetings, permanently scheduled for one hour to meet with the ESC for discussion of any matters that impact on values and expectations for customers and/or stakeholders.

- ❑ Semi monthly Staff Alignment meetings, including suppliers.

- ❑ Quarterly combined ESC-QMB BIMS meetings. The Commander personally chairs these BIMS meetings, QMB members are voting members and other activity managers participate for expert guidance.

- ❑ Annual BIMS and Strategic Planning Reviews, and personnel assemblies.

- ❑ Personal contact through Management-By-Walking-Around (fig. 1.1-4)

1.1b(3) Recent Priorities for Improvement

The commander deploys semi-annually the ESC's assessment, which includes BSB priorities for the current two quarters. FY 00 2nd and 3rd Qtr, "top five" Most recent priorities for improvement and opportunities for innovation are outlined below:

- Execute MEO Study to standard
- Successful completion of remaining 99 ACOE initiatives
- Keep all AFH projects on track. Successful initiation of Barracks (1+1) program
- Complete Unit Readiness projects prior to their deployment in June
- Leaders, coach, counsel and recognize employee

These priorities result from our combined ESC/QMB meetings, Strategic Planning and other "Listening & Learning" forums. Semi-annual personnel assemblies inform our workforce, and a formal communication plan, established by the 98th ASG ensures further deployment throughout the installation. Therefore, process owners are not only informed but actually engaged in process design for improvement and innovation. Further alignment is granted through "topic" adoption in our semi-monthly staff alignment meetings and weekly discussions of our ESC with individual directors.

1.1b(4) Systems Improvement

We assess the system through evaluation of our Key Process ***"Command & Control"*** (fig. 1.1-6)**:**

Leadership Evaluation	
Key Process:	Measurement/Assessment:
Command and Control	**Overall Performance,** results from all other Key Processes **Human Resource Results**; e.g. sick absence, participation in community events, volunteerism, Works Council a/o EEO grievances, etc. **Other Indicators;** e.g. command profile survey, APIC, inspection results, activity awards, etc. **Self Assessment,** MBWA, own observations, etc.
Fig. 1.1-6	

❑ Annually, our senior leaders apply our Quality Management Process Cycle (fig. 6.1-1) to review, evaluate and improve the leadership system.

❑ Key Process principle requirements are outlined in figure 6.1-3. We apply the same process for the assessments of progress relative to action plans, goals, and changing business needs as described in item 4.2, figure 4.2-1.

During the fiscal execution, this process is further compensated by three basic elements in frequencies as presented in fig. 1.1-7.

Continued Review and Improvement	
ELEMENT	**FREQUENCY**
(1) The BIMS	Quarterly
(2) “Listening and Learning”	Monthly/Weekly
(3) Personal Contacts	Daily
Fig. 1.1-7	

Since 1996 we have constantly been training our leadership on the application of APIC. While APIC is used as a self-assessment tool, we use feedback received from the ACOE competition to evaluate the evaluation process itself. Our Commander's own Officer Evaluation Report (OER) support form includes the Army Performance Improvement Criteria (APIC) as a vehicle to focus on continuous improvement.

HQDA Board of Examiners feedback on the above example:

The command has developed organizational values (fig. 0.5) which are built on a foundation of the Army's seven core values (fig 0.4). The 279th has developed and deployed a vision, which is clearly linked to the organization's mission (fig 0.1) and its values.

Values and expectations are deployed to the organization through 44 specific listening and learning forums. Focus of the forums is on values, vision, direction, and expectations. In addition, the Commander personally participates in training new employees in the organization's values, vision, and expectations.

The command's mission, vision, values, and key business drivers are published in the strategic performance plan and posted in every base facility.

Effective communication is accomplished through a series of regularly scheduled planning, training, communication, performance review, and visionary meetings. The command has defined participation in all of these meetings for the Commander and senior staff. In addition, the command makes maximum use of a full range of media communications such as email, internet home page, town hall meetings, newsletters, local newspapers, flyers, and AFN radio and TV.

The Commander has placed a major focus on contact with the workforce from the leadership team through the use of "Management by Walking Around."

Leadership has designed work systems, which encourage empowerment and innovation through cross-functional teams such as the ESC, QMB, and PAT teams. The focus of their effort is on initiatives, team building, and empowerment.

Leadership is clearly focused on the future direction and opportunities for the command. The Commander has developed a process based on relationships with customers, suppliers, and competitors to gain a competitive advantage. This process is formally defined and tasks are monitored by management. Process measures for success are defined and reviewed during quarterly performance reviews.

The command has a series of performance reviews with the BIMS system at the heart of the performance review for key processes and key support processes. In addition, supporting action plans and associated tasks are also tracked and reviewed on a quarterly basis. The command also regularly' reviews the environmental scan, organizational health, competitive performance, organizational needs, customer comment cards, as well as work systems and processes. Results of performance reviews are analyzed and priorities for improvement are provided back to the workforce through regular staff meetings.

The Commander is personally involved in the review of all customer comment/feedback surveys and coordinates with the appropriate functional director in problem resolution and process management.

APIC criteria are deployed to all officers in the command including the Commander through the officer performance evaluation system.

1.2 Organization Responsibility and Citizenship (35 pts.) [Approach Deployment]

Describe how your organization addresses its responsibilities to the public and how your organization practices good citizenship.

Within your response, include answers to the following questions:

a. Responsibilities to the Public

(1) How do you address the impacts on society of your products, services, and operations? Include your key processes, measures, and targets for regulatory and legal requirements and for risks associated with your products, services, and operations.

(2) How do you anticipate public concerns with current and future products, services, and operations? How do you prepare for these concerns in a proactive manner?

(3) How do you ensure ethical business practices in all stakeholder transactions and interactions?

b. Support of Key Communities

How do your organization, senior leaders, and employees actively support and strengthen your key communities? Include how you identify key communities and determine areas of emphasis for organizational involvement and support.

Notes:

N1. Public responsibilities in areas critical to your organization also should be addressed in Strategy Development (Item 2.1) and in Process Management (Category 6). Key results, such as results of regulatory/legal compliance or environmental improvements through the use of 'green' technology or other means should be reported in Organizational Effectiveness Results (Item 7.4).

N2. Society impact results directly related to the organizations mission should be reported in Organizational Effectiveness Results (Item 7.4).

N3. Areas of community support appropriate for inclusion in 1.2b might include efforts to strengthen local community services, education, the environment, and practices of trade, business, or professional associations.

N4. Health and safety of customers, including users and visitors, are included in Item 1.2. Health and safety of employees are not addressed in Item 1.2; these are addressed in Item 5.3.

For a definition of the following key term, see page 120: Process

1.2 Public Responsibility and Citizenship

Purpose

This Item addresses how your organization fulfills its public responsibilities and encourages, supports, and practices good citizenship.

Requirements

You are asked how your organization:

- addresses its current and future impacts on society in a proactive manner and how you accomplish ethical business practices in all stakeholder interactions. The impacts and practices are expected to cover all relevant and important areas – products, services, and operations; and
- senior leaders, and employees identify, support, and strengthen key communities as part of good citizenship practices.

Comments

An integral part of performance management and improvement is proactively addressing legal and regulatory requirements and risk factors. Addressing these areas requires establishing appropriate measures and/or indicators that senior leaders track in their overall performance review. Your organization should be sensitive to issues of public concern, whether or not these issues are currently embodied in law.

Citizenship implies going beyond a compliance orientation. Good citizenship opportunities are available to organizations of all sizes. These opportunities include employee community service that is encouraged and supported by your organization.

Examples of organizational community involvement include: influencing the adoption of higher standards in education by communicating employability requirements to schools and school boards; partnering with other government organizations and health care providers to improve health in the local community by providing education and volunteer services to address public health issues; and partnering to influence trade business and professional associations to engage in beneficial, co-operative activities, such as sharing best practices to improve overall U.S. global competitiveness and environment.

Example 1.2 (10th Area Support Group, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

1.2 Public Responsibility and Citizenship. Our Commander has made "Public Responsibility" a priority by establishing a strategic goal of "Maintain Exceptional Bilateral Relationships with our Host Nation, Pacific Region Governments, and Okinawan Neighbors." The 10th ASG is committed to maintaining and strengthening our "Bond of Brotherhood" with our host nation family. We strive to be part of the community by participating in many community events to include: Assisting in the Okinawan Special Olympics; participating in the annual Naha Dragon Boat Race, and various sporting events with local organizations', holding various Fun Runs', and attending social events with the Japanese Ground Self Defense Force (JGSDF); and by inviting our host nation counterparts to participate in events such as 10th ASG Group runs, Friendship Festival, and other community events (Figures 7.4.5 and 7.5.6).

1.2a Responsibilities To The Public. The 10th ASG strives to limit the negative impact of our products and services on our local community. One of the key organizations that helps us addresses these concerns is the OACC. The purpose of the OACC is to strengthen the unity between U.S. Forces on Okinawa and our host nation through effective community relations and proper implementation of policies that impact on the local public. The OACC has successfully assisted us in planning the return of military bases, tactical operations, and base operations and infrastructure. Recently, the OACC relieved tensions with regard to the return of land at the Naha Military Port and is assisting us in negotiations with the Okinawan and Japanese governments in the return of property planned as part of a local underground highway project.

Our Community Relations Office (CRO) is charged with anticipating community relations issues prior to any tensions developing. Our Commander is personally committed to staying in touch with local issues and developing effective courses of action that are sensitive to the needs and desires of the public.

1.2a(1) Impacts On Society of Our Products and Services. The 10th ASG operates in a highly regulated and politically charged environment. Our Status of Forces Agreement (SOFA) in conjunction with Japanese law regulates every aspect of our operations on Okinawa. Violations can, and have led to consequences that effect our ability to accomplish our assigned mission. To safeguard against such consequences, we include in our planning process cooperative cultural surveys led by our CRO, as well as, providing training in many areas that have led to serious American to Japanese consequences. These areas include: driving, drinking, customs/courtesies, language, values, and general behavior. The Commander fully supports the concept that all Americans are Ambassador's to our host nation. Throughout our KPs you will find linkages that support our Commander's belief in societal harmony. Two such KPs are KP number 8:"Community Relations Support" and KP number 10: "Environmental Stewardship." Because of the highly sensitive nature of our presence on Okinawa, we include in our strategic plan comprehensive surveys dealing with cultural impact, environmental compliance, pollution prevention, fuel spill response capability, and remediation programs that fully comply with the Japanese Final Governing Standards (JFGS) - the equivalent of our U.S. Environmental Protection Agency laws.

As testimony to our public responsibility, our environmental compliance program has been rated as the best in the Pacific and no 10th ASG soldier or civilian has been indicted by Japanese prosecutors for serious criminal conduct in over 7 years.

1.2a(2) Anticipating Public Concerns. As the land manager for the Army on Okinawa, we strive for good relationships with residents and leaders in the community. Much of the land on Torii Station and other Army compounds is cultivated by local tacit (permissive) farmers. Our DPW successfully coordinates land usage and concerns of the farmer population. The positive influence of this program has enhanced the "good neighbor" standing we enjoy in the local community. Additionally, as discussed in 1.2a above, our Commander fully supports our CRO in providing command emphasis in anticipating public issues and concerns prior to them escalating into political quandaries. A recent success was the installation of our floating pier at Torii beach. We anticipated concerns from our local Yomitan Fisherman's Association and addressed them early in the planning cycle.

Our organization is in touch with risks associated with our presence as a foreign military force in Japan. Our customer and partner, the 500th Military Intelligence Group (500th MI Group), works in concert with our Plans and Operations office to anticipate unforeseen dilemmas, prevent undesirable political consequences and protect our organization and personnel from potential acts of terrorism. This is no better illustrated than with current working group relationships between local law enforcement agencies, the 500th MI Group, and our S-2/3 with regard to cooperative efforts in planning for the upcoming, July 2000, Okinawa G8 Summit.

1.2a(3) Ensuring Ethical Business Practices. The Army on Okinawa strives for ethical excellence by adhering to the Army's values as described in Figure 1.1.3. The Commander augments these values by having the command ethics counselor, our Staff Judge Advocate (SJA), conduct annual ethics training. The SJA also reviews organizational procedures, policies, and regulations for ethical compliance. The Judge Advocate section has taken the lead in providing ethics training to our sister services on Okinawa, mainland Japan, and Korea by hosting the semi-annual Pacific Rim Government Ethics Conference. The Commander regularly discusses professional ethics at weekly staff meeting. Further, professional ethics and training on Japanese law and tradition is provided to all newly arrived personnel during the our Newcomers' Orientation and during annual training events such as, Prevention of Sexual Harassment (POSH), see Figure 5.2.3.

1.2b Support of Key Communities. The 10th ASG considers its obligation of good citizenship as more than a policy for command representatives or leaders; it includes every Army soldier, civilian employee, and family member on Okinawa. Our senior leaders instill in the command the importance of building good working relationships with our local military and host nation communities. Our entire Army family is an integral element of good citizenship and ambassadorship.

Our commitment to supporting the community extends beyond the scope of official activities and social events. Many of our personnel and units reach out to our local community as ambassadors of goodwill supporting organizations such as the Okinawan Christian Fellowship, Boy and Girl Scout Associations, and local orphanages. Our Humanitarian Assistance Program (HAP), managed through the U.S. State Department, provides aid to countries throughout Asia that are suffering as a result of natural disasters or other social distress. Our HAP provides supplies and services such as transportation assets, medical equipment, food, and construction materials. These shipments are considered charitable donations from the United States. During FY99, our HAP program provided support valued at $11,821,145 to 18 different countries in the Pacific region.

The Okinawan Public. Without question, our senior leadership understands the absolute importance of the Okinawan people with regard to mission accomplishment. We strive to improve the relationship between the Okinawan public and our U.S. Forces. We accomplish this in several ways to include: Attending local Okinawan celebrations and holidays, participating in community events, and by requesting the participation of local leaders in our holiday celebrations and sporting events. We also open Torii Station annually to conduct our Friendship Festival. The Friendship Festival takes place in early April and attracts thousands of Japanese visitors island-wide for a weekend of carnival-type games, food, and free entertainment. Our Commander attends monthly JN work force council meetings and is instrumental in encouraging new ideas that enhance the Command's community awareness, involvement, and team-building effort. Local community support is provided, such as, Highway 58 clean-up, Commanders visits' to senior citizen home and volunteers school grounds improvement. Other senior leaders attend local activities and festivals, such as the Japanese Bon Odori, or Ancestors' Festival, and Okinawa's world-famous Giant Tug-of-War Festival. Participation in these activities greatly enhances the perception that the public has of Americans living and working on Okinawa.

Our Commander believes that only by knowing and understanding the Okinawan culture can we fully support and strengthen community relations. To support this belief, the 10th ASG Army Community Service (ACS) sponsors monthly cultural enrichment activities designed to teach Americans about the Okinawan people and culture. These activities include visits to Okinawan historical sites, parks, the outer islands, bathhouses, shopping centers, and other areas of interest. The ACS coordinates these visits and arranges for speakers from local universities, schools, or museums to enhance the cultural experience for our personnel. The Command Leadership Development Program has also organized trips to battle sites and museums on Okinawa to educate 10th ASG leadership on the tremendous suffering of the Okinawan people during World War II. A Japanese Headstart program is also required for all newly arrived personnel and their spouses to learn basic Okinawan phrases and customs. These programs have led to heightened morale, improved working environment for our personnel and created an active and enviable relationship with our Okinawan sponsors (Figures 7.1.10, 7.3.19, 7.3.21).

How We Identify Key Communities. Key communities are identified in many ways. First and foremost, the majority of our key communities are endorsed by our higher headquarters selects. Our CRO and various other Directorates identify key communities. For example, our DPW identified our local Okinawan schools as a key community as a result of environmental training that is routinely provided to their students during Earth Day/Green Day. Our SJA and Provost Marshal Office (PMO) have identified local law enforcement agencies as key communities as a result of frequent law enforcement partnerships that have developed over the years. Finally, our supported units provide valuable insight into their key communities, which quite often results in them becoming members of our key communities.

Benefits of Support. The Army on Okinawa strives to make a positive impact on all aspects of mission, family, and community. To accomplish this goal, our leadership will continue to lead the way for other organizations to emulate. The leadership in the 10th ASG is optimistic about our future. We are prepared to accomplish our mission while simultaneously supporting our families and communities. The future holds great promises for the 10th ASG.

HQDA Board of Examiners feedback on the above example:

The ASG is a tenant in a foreign country with different laws and customs. The organization participates in the Okinawa Area Coordination Committee (OACC), the forum for addressing situations, which could impact relations with the host nation. They have been very active in recent months with the transfer of U.S. controlled resources back to the Japanese.

The 10th ASG Commander has made public responsibility a priority by establishing the strategic goal of "maintaining exceptional, bilateral relationships with the host nation, Pacific region governments, and Okinawa neighbors." This is evidence of the Command's recognition of the highly sensitive nature of the 10th ASG's presence in Okinawa. The ASG's strategic plan includes cultural impact, environmental compliance, pollution prevention, fuel spill response capability, and remediation programs.

The 10th ASG ensures ethical business practices by adhering to the Army values in Figure 1.1.3. Annual ethic training and ethic discussions at weekly staff meetings augment these values. Professional ethics and training on Japanese law and tradition is provided to all new personnel at the Newcomers' Orientation and during annual training events. To safeguard against violations and Japanese law, the 10th ASG includes in its planning process cooperative cultural surveys led by the CRO.

The 10th ASG provides numerous opportunities for its community to learn about and interact with the Okinawa public. This includes cultural, historical, and language classes for the members and families of the 10th ASG.

In 1999, the 10th ASG's HAP program provided support valued at $11,821,145 to 18 countries in the pacific region.

The 10th ASG supports several charities and community organizations with both people and resources.

2.0 Strategic Planning (95 pts.)

The **Strategic Planning** Category examines how your organization develops strategic objectives and action plans. Also examined are how your chosen strategic objectives and action plans are deployed and how progress is measured.

The Category is generally consistent with and supportive of the requirements of the Government Performance and Results Act. If strategic plans are developed by higher levels within the overall organization, the applicant's response should focus on its own strategic planning process and how its planning process and plans fit into the parent organization's overall plans, such as those developed pursuant to the Government Performance and Results Act.

2.1 Strategy Development (45 pts.) [Approach-Deployment]

Describe how your organization establishes its strategy objectives, including enhancing its competitive position and overall performance.

Within your response, include answers to the following questions:

a. Strategy Development Process

(1) What is your overall strategic planning process? Include key steps, key participants, and your short- and longer-term planning time horizons.

(2) How do you ensure that planning addresses the following key factors? Briefly outline how relevant data and information are gathered and analyzed to address these factors:

- customer and market/mission needs/expectations/opportunities;
- your competitive and mission environment and capabilities relative to competitors;
- technological and other key changes that might affect your products/services and/or how you operate;
- your strengths and weaknesses, including human resource and other resources;
- your supplier/partner strengths and weaknesses; and
- financial, societal and other potential risks.

b. Strategic Objectives

(1) What are your key strategic objectives and your timetable for accomplishing them? Include key goals/targets, as appropriate.

(2) How do your strategic objectives address the challenges identified in response to P.2 in your Organizational Profile? How do you ensure that your strategic objectives balance the needs of all key stakeholders?

Notes:

N1. Strategy development refers to your organization's approach (formal or informal) to preparing for the future. Strategy development might utilize various types of forecasts, projections, options, scenarios, and/or other approaches to envision the future for purposes of decision-making and resource allocation.

N2. "Strategy" should be interpreted broadly. It might be built around or lead to any or all of the following: new products, services, and markets; revenue or mission growth via various approaches, including acquisitions, and new partnerships and alliances. Strategy might be directed toward becoming a preferred supplier, a local supplier in each of your major customer's markets, a low-cost producer, a market innovator, and/or a high-end or customized service provider. Responses to Item 2.1 should address the key factors from your point of view.

N3. Challenges (2.1b(2) addressed in your strategy might include rapid response, customization, lean or virtual manufacturing, *rapid innovation, web-based supplier/customer relationship management, and product/service quality. Responses to Item 2.1 should focus on your specific challenges —those most important to your business success and to strengthening your organization's overall performance.*

N4. Item 2.1 addresses your overall organizational strategy that might include changes in services, products, and product lines. However, the Item does not address product and service design; you should address these factors in Item 6.1.

N5. For organizations whose strategies are developed by higher levels (e.g., agency headquarters), this item should describe how the organization provides input to the parent organization's strategy development process and how the applicant organization's own strategy is developed consistent with that of higher levels.

N6. The approach toward strategic planning and objectives outlined in this Category is intended to be consistent with, and supportive of, the strategic planning requirements of the Government Performance and Results Act.

For definitions of the following key terms, see glossary starting at page 117: process, strategic objectives, and strategic planning

2.0 Strategic Planning

Item Descriptions

The *Strategic Planning Category* addresses strategic and action planning, and deployment of plans. The Category stresses that customer-driven quality and operational performance are key strategic issues that need to be integral parts of your organization's overall planning.

Specifically:

- customer-driven quality is a strategic view of quality. The focus is on the drivers of customer satisfaction, customer retention, new markets, and market share – key factors in competitiveness, profitability, and business and/or mission success; and

- operational performance improvement contributes to short-term and longer-term productivity growth and cost/price competitiveness. Building operational capability*, including speed, responsiveness, and flexibility*, represents an investment in strengthening competitive and performance fitness.

The Criteria emphasize that improvement and learning need to be embedded in work processes. The special role of strategic planning is to align work processes with your organization's strategic directions, thereby ensuring that improvement and learning reinforce organizational priorities.

The Strategic Planning Category examines how your organization:

- understands the key customer, market, mission, and operational requirements as input to setting strategic directions. This helps to ensure that ongoing process improvements and change are aligned with the organization's strategic directions.

- optimizes the use of resources, ensures the availability of trained employees, and bridges between short-term and longer-term requirements that may entail capital expenditures, technology development or acquisition, and supplier development.

- ensures that deployment will be effective – that there are mechanisms to transmit requirements and achieve alignment on three levels: (1) the organization/senior leader level; (2) the key process level; and (3) the work-unit/individual-job level.

The requirements in the Strategic Planning Category encourage strategic thinking and acting – to develop a basis for a distinct competitive position in the marketplace and/or program/mission driven environment. These requirements do not necessarily imply formalized plans, planning systems, departments, or specific planning cycles. Also, the requirements do not imply that all your improvements could or should be planned in advance. An effective improvement system combines improvements of many types and degrees of involvement. This requires clear strategic guidance, particularly when improvement alternatives, including major change, compete for limited resources. In most cases, setting priorities depends heavily upon a cost rationale. However, you also might have critical requirements such as public responsibilities that are not driven by cost considerations alone.

2.1 Strategy Development

Purpose

This Item addresses how your organization sets strategic directions and develops your strategic objectives, guiding and strengthening your overall organizational performance and competitiveness. This Item may include a description of how the organization develops strategic and performance plans to meet the provisions of the Government Performance and Results Act.

Requirements

You are asked:

- to outline your organization's strategic planning process, including the key participants, key steps, and your planning time horizons;
- how you consider the key factors that affect your organization's future. These factors cover external and internal influences on your organization;
- to address each factor and outline how relevant data and information are gathered and analyzed;
- to summarize your key strategic objectives and your timetable for accomplishing them; and
- how these objectives address the challenges outlined in your Organizational Profile.

Comments

This Item calls for basic information on the planning process and for information on all the key influences, risks, challenges, and other requirements that might affect the organization's future opportunities and directions – taking as long a view as possible. This approach is intended to provide a thorough and realistic context for the development of a customer- and market-focused strategy to guide ongoing decision-making, resource allocation, and overall management.

This Item is intended to cover all types of missions, businesses, competitive situations, strategic issues, planning approaches, and plans. The requirements explicitly call for a future-oriented basis for action, but do not imply formalized planning, planning departments, planning cycles, or a specified way of visualizing the future. Even if your organization is seeking to create an entirely new business situation, it is still necessary to set and to test the objectives that define and guide critical actions and performance.

This item focuses on competitive leadership, which usually depends upon revenue growth and operational effectiveness. Competitive leadership requires a view of the future that includes not only the markets or segments in which your organization operates, but also how it competes. *How it competes* presents many options and requires that you understand your organization's and your competitors' strengths and weaknesses. Although no specific time horizon is included, the thrust of this Item is sustained competitive leadership.

An increasingly important part of strategic planning is projecting the future competitive environment. Such projections help to detect and reduce competitive threats, to shorten reaction time, and to identify opportunities. Depending on the size and mission of the organization, maturity of markets, pace of change, and competitive parameters (such as price or innovation rate), organizations might use a variety of modeling, scenarios, or other techniques and judgments to anticipate the competitive environment.

Example 2.1 (10th Area Support Group, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

2.0 STRATEGIC PLANNING

Our strategic planning process begins with a comprehensive review of our design approach to performance. This methodology ensures that all aspects of mission assessment, operations, and customer requirements are captured in our strategy formulation of our future vision. Our primary concern is to fully develop, balance, and integrate our Key Processes (KP), Figure 0.3, Key Business Drivers (KBD), Figure 0.6, customer needs (Figure 3.1.2) and supplier/partner capabilities (Figure 6.3.1) into formulating measurable goals and objectives (Figure 2.2.1). A key to our success has been the implementation of our High Performance Management System (HPMS), which allows our organization to quantify and scientifically measure improvement through the use of empirical data that illustrates trends through the use of benchmarks and target analysis. Following this strategy, our organization has successfully managed improvement by measuring key indicators against established standards as determined by Department of Defense (DoD), Headquarters, Department of Army (HQDA), U.S. Army Pacific (USARPAC), U.S. Army Japan/9th Theater Army Area Command (USARJ), and various other internal and external elements. To ensure we capture current customer and supplier needs our organization has, over the past several years instituted a series of Customer Needs Surveys (CNSs) and Customer Satisfaction Surveys designed to ascertain the bona fide requirements and feedback from our service base. Our customer and supplier partnerships are acknowledged throughout the command as a vital component in our strategic planning process. Products of our strategic planning process include: a vision statement; guiding principles; and adjusted goals and objectives that are linked to existing improvement actions and processes. In executing our strategic plan, we communicate our critical requirements to all personnel and track performance within our key processes to ensure we are meeting/exceeding customer and supplier requirements while accomplishing our assigned mission.

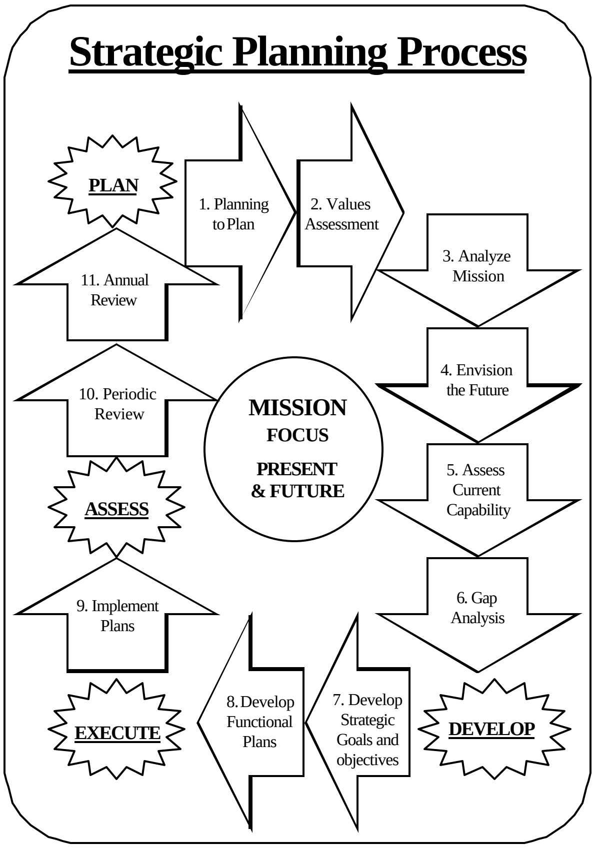
2.1 Strategy Development. When reviewing our strategic plan, we concentrate on our strategic planning considerations as they correspond with functional improvement process review (Figure 2.1.1). Our goal is to refine overall productivity and customer support by improving workflow processes, prioritizing objectives, and managing our resources. The intent is to quantify our vision through measurable objectives, which will enable the organization to determine it is on the right track, and also evaluate the rate of progress being made toward our vision.

To develop and improve of our products and services, we translate customer requirements into; discovering technological breakthroughs, using analysis and review to design and improve processes, and responsible resource utilization. Our senior leaders use our strategic plan as a tool to facilitate operational needs of staff, training, and logistics to prepare for future operational demands.

2.1.a Strategy Development Process. Our primary concern is to fully develop and integrate our KP's; KBD's and principle requirements into a formalized strategic plan that can be measured against established goals and objectives. By creating an organizational infrastructure to design and execute this plan we are able to achieve our strategic objectives.

Figure 2.1.1: Strategic Planning Considerations

Figure 2.1.2: Eleven Step Strategic Planning Process



To accomplish this, we focus on fulfilling the requirements of our customers. To guarantee that we meet these requirements, we employ our eleven steps, systematic strategic planning process (Figure 2.1.2). Our process is continuous and provides us with the flexibility to adjust our plan as necessary to meet changing requirements. Additionally, we formally review our strategic plan at our annual, off-site, Strategic Planning Conference (SPC) that is chaired by our Commander. The SPC provides a unique forum for our leadership to engage in review and update of our mission, guiding principles, vision, and goals. Prior to the SPC, our leadership is asked to review empirical data via our HPMS and to perform a CNS with our key customers. This review provides data on product/service delivery, product/service quality, and future requirements and customer satisfaction. During the SPC, our Executive Steering Committee (ESC), Figure 1.01, sets new objectives and identifies actions that apply to this data in service base weaknesses. We integrate this data into a refined strategic plan with the result of realigning our strategic direction.

A dynamic component of our strategic planning process is our use of situational analysis concepts (Figure 2.1.3). This process allows our leadership to analyze market requirements (expectations); technological shifts; risks (socioeconomic, political, financial, unknowns); capabilities (internal to the 10th ASG); and our supplier/partner capabilities.

2.1.b Strategic Objectives. Our key strategic objectives in our planning processes are: mission accomplishment; the identification of new goals and objectives; prioritization of customer requirements; sustainment of productive supplier/partner relationships; and improvement in the quality of life for the Army on Okinawa. As our strategic objectives are broad in nature, most span the entire year and flow into subsequent planning years. This continuous process, in conjunction with documenting and analyzing our business results, allows our Commander to prioritize and reallocate resources during periodic performance reviews, such as our monthly R&A, to ensure that we accomplish these objectives. During our process design we strive to establish benchmarks that can be used to compare our products and services with comparatively equal organizations. Because our sister services provide many of the same services, we have many excellent comparisons here on Okinawa (Figure 2.1.4).

With regard to dissimilar services, we look to like installations, local providers and contractors, as well as, similar Army baselines abroad and Continental United States (CONUS) to establish realistic standards and benchmarks for comparison.

Figure 2.1.3: Situation Analysis Factors in the Strategic Planning Process

Requirements & Opportunities	Capabilities	Trends & Benchmarking	Risks	Suppliers/ Partners Requirements/Needs
• Customer Surveys • PAT Information • Performance Data • Service Requirements • Product Demands • Readiness • Needs Assessment • Comparison • Technology • Partnering	• Trained Force • Responsiveness • Customer Focus • Proven Performance • Assets • Information Management System • PATs • Alternative Methods • Empowerment • Partnership • Automation • Dedicated Work Force • Customer Involvement	• Ratings • Training • Readiness • Inspections • Employee Satisfaction • Improvement Initiatives • Capabilities • Local Markets • Needs Surveys • Local Media • Accessibility • Like Installations • Installation Status Reports	• Regulatory • Customer Base • Environmental • Restructuring • Reorganizing • Increasing Costs • Market Change • Financial Restrictions • Fluctuating Currency • Unknown Obligations • Seasonal • Local Community • Political Climate	• On Time Delivery (Products/ Services) • Capabilities • Quality Evaluations • Feedback • Performance Measures • IMPAC Card • Compliance • New Products • New Services • Post Delivery Support • Historical Data • Ethics

Figure 2.1.4: Comparable Services on Okinawa

Service	Supplier
Unaccompanied Housing	U.S. Air Force, Marines, Navy
Facilities Maintenance	U.S. Air Force, Marines
MWR Services	U.S. Air Force, Marines, Navy
Transportation Services	U.S. Air Force, Marines, Navy
Education Services	U.S. Air Force, Marines
Community Services	U.S. Air Force, Marines

Figure 2.1.5: Risks Common to the 10th ASG

Risk	Effect
Typhoon Preparedness	Lack of Life Support Resources
PACRIM Political Climate	Personnel Injuries/Safety
Limited Transportation	Untimely Humanitarian Assistance
Fluctuating Exchange Rate	Limits Resources
Key Leadership Vacancies	Mission Shortfalls

During our planning process we also evaluate our weaknesses by employing risk analysis practices. Risk analysis provides an extra measure of assurance in achieving planned goals. By identifying and planning for risks such as listed in figure 2.1.5, we negate a high percentage of our unforeseen problems. Our track record with regard to typhoon support, Disaster Relief Operations, and safety is testament to our unyielding commitment to quality service and leadership. Additionally, we use our Process Improvement Model (PIM), as described in Category 6, to "lean forward" and anticipate changes within our operating environment.

Our current capabilities are incorporated into our strategic planning process as a baseline for commitment to new objectives. Applying our capabilities to the mandates of our KBD's (Figure 0.6), we commit resources to develop, motivate, recognize, and reward our personnel, exploit technology, and implement innovative customer service initiatives. As the winner of the 1999 and 2000 Army Communities of Excellence (ACOE), we continue to focus our efforts and commitment towards pride and excellence.

With current downsizing and budget restrictions, we rely on our suppliers and partners to augment our capability of providing products and services, while monitoring their performance. Together with our sister services and Army partners on Okinawa, we have identified several redundant service providers. Joint service councils have used this information to designate certain service providers for all DoD agencies on Okinawa. Responsible agency focuses their efforts on standardizing processes with joint coordination of needs assessment. Some examples of these efficiencies include: the U.S. Marine Corps acting as our sole mail delivery source and the vehicle licensing and registration authority, the U.S. Air

Force providing us with contracting services, family housing, commissary facilities, and civilian personnel services, and the U.S. Navy providing hospital and general medical services. One of our key Army partners, the 58th Signal Battalion (58th SIG Bn), provides island-wide communication services while our own 505th Quartermaster Battalion (505th QM Bn) supplies all fuel and petroleum products on the island.

We disseminate our goals and objectives through various means: quarterly training briefings, publication of annual and quarterly training guidance, various visual media, our on-line HPMS, executive and strategic planning conferences, and our integrated training initiatives. We distribute posters and wallet-sized foldout cards describing mission, vision, strategic goals, guiding principles, and key business drivers throughout the command.

In our strategic development process, we focus our efforts on eliminating or minimizing weaknesses, exploiting opportunities, measuring our performance and customer satisfaction against benchmarks, and anticipating future requirements.

HQDA Board of Examiners feedback on the above example:

The 10th ASG assessment defines an 11 step strategic planning process. Process input includes requirements for external sources, Customer Needs Surveys, Customer Satisfaction Surveys, performance data all linked to the High Performance Management System (HPMS).

The assessment presents a Situational Analysis Factors and the Strategic Planning Process chart. The chart includes requirements and opportunities, capabilities, trends and benchmarking, risks, suppliers and partners requirements and needs. These factors linked to the Strategic Objectives and Plan chart shown in 2.2.1, which ties together actions, Key Business Drivers, and Key Processes.

The 10th ASG uses performance comparisons to its sister services and risk analysis in the strategic planning process to gauge effectiveness in accomplishment of mission objectives.

2.2 Strategy Deployment (50 pts.) [Approach-Deployment]

Describe how your organization converts its strategic objectives into action plans. Summarize your organization's action plans and related key performance measures/indicators. Project your organization's future performance on these key performance measures/indicators.

Within your response, include answers to the following questions:

a. Action Plan Development and Deployment

(1) How do you develop, communicate and deploy action plans to achieve your key strategic objectives? Include how you allocate resources to ensure accomplishment of your action plans.

(2) What are your key short- and longer-term action plans? Include key changes, if any, in your products/services, your customers/markets, and how you operate.

(3) What are your key human resource plans that derive from your short- and longer-term strategic objectives and action plans?

(4) What are your key performance measures/indicators for tracking progress relative to your action plans? How do you ensure that your overall action plan measurement system achieves organizational alignment and covers all key deployment areas and stakeholders?

b. Performance Projection

(1) What are your performance projections for your key measures/indicators for both your short-and longer-term planning time horizons? How does your projected performance compare with the performance of competitors and similar organizations, key benchmarks, goals, and past performance, as appropriate?

Notes:

N1. Action plan development and deployment are closely linked to other Items in the Criteria. Examples of key linkages are:

- *Item 1.1 for how senior leaders set and communicate directions;*
- *Category 3 for gathering knowledge on customers, markets and/or mission requirements as input to strategy and action plans, and for deploying action plans;*
- *Category 4 for information and analysis to support development of strategy, to provide an effective performance basis for performance measurements, and to track progress relative to strategic objectives and action plans;*
- *Category 5, particularly Items 5.1 and 5.2, for work system needs, employee education, training, and development needs, and related human resource factors resulting from action plans;*
- *Category 6 for process requirements resulting from action plans; and*
- *Item 7.4 for accomplishments relative to organizational strategy.*

N2. Measures and/or indicators of projected performance (2.2b) might include changes resulting from new services, business ventures, mission/organization consolidation, new value creation, market entry and/or shifts, changing societal needs, and anticipated innovations in products, services, and/or technology.

N3. In responding to Area 2.2a(2), related human resource plans might include:

- *recruitment, including critical skill categories and expected or planned changes in work force demographics;*
- *how the organization evaluates and improves its human resource planning and practices and alignment of these with the strategic business directions; and*
- *changes in: (a) work design and/or organization to improve knowledge creation/sharing, flexibility, innovation and rapid response; (b) employee development, education and training; (c) performance appraisal; and (d) compensation, recognition, and benefits.*

For definition of the following key terms, see the glossary starting at page 117: action plans, alignment, benchmarks, measures and indicators

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2.2 Strategy Deployment

Purpose

This Item addresses how your organization translates your strategic objectives into action plans to accomplish the objectives and how your organization assesses progress relative to your action plans. The aim is to ensure that your strategies are deployed for goal achievement. The strategy might include how the organization deploys strategic and performance plans to meet the provisions of the Government Performance and Results Act.

Requirements

You are asked:

- how you develop, communicate, and deploy action plans that address your organization's key strategic objectives including the allocation of needed resources;
- to summarize your key short-and longer-term action plans. Particular attention is given to changes in product/services, customer/markets, human resource requirements, and how you operate;
- to give your key measures and/or indicators used in tracking progress relative to the action plans, and how you use these measures to achieve organizational alignment and coverage of all key work units and stakeholders; and
- to provide a projection of key performance measures and/or indicators. As part of this projection, you are asked how your projected performance compares with performance of competitors and similar organizations, key benchmarks, goals, and past performance.

Comments

This Item asks how your action plans are developed, communicated, and deployed. Accomplishment of action plans requires resources and performance measures, as well as the alignment of work unit and supplier/partner plans. Of central importance is how you achieve alignment and consistency – for example, via key processes and key measurements. Also, alignment and consistency are intended to provide a basis for setting and communicating priorities for ongoing improvement activities – part of the daily work of all work units. In addition, performance measures are critical to performance tracking. Action plans include human resource plans that support your overall strategy.

Key changes in your products/services or customers/markets might include Web-based or e-commerce initiatives, integrated within or separate from your current business.

Examples of possible human resource plan elements are:

- a redesign of your work organization and/or jobs to increase employee empowerment and decision making;
- initiatives to promote greater labor-management cooperation, such as union partnerships;
- initiatives to foster knowledge sharing and organizational learning;
- modification of your compensation and recognition systems to recognize team, organizational, customer, or other performance attributes;
- education and training initiatives, such as developmental programs for future leaders, partnerships with universities to help ensure the availability of future employees, and/or establishment of technology-based training capabilities.

Projections and comparisons in this Item are intended to encourage your organization to improve its ability to understand and track dynamic, competitive performance factors. Through this tracking process, your organization should be better prepared to take into account its rate of improvement and change relative to competitors and relative to your own targets or stretch goals. Such tracking serves as a key diagnostic management tool.

In addition to improvement relative to past performance, similar organizations and to competitors, projected performance also might include changes resulting form new programs or business ventures, entry into new markets, e-commerce/government initiatives, product/service innovations, or other strategic thrusts.

Example 2.2 (10th Area Support Group, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

2.2 Strategy Deployment. Our goal is to establish objectives that provide clear guidance to our personnel and that allow us to quantifiably measure our performance. The strength of our strategy lies in its adaptability and balance. To excel in our future market, we acknowledge that we must anticipate changes and incorporate new ideas so that we can take advantage of opportunities and translate them into achievable performance improvement initiatives.

Directorates develop group and individual goals and objectives to further support o ur cornerstone goals and objectives. Some of the milestones of achieving deployment are to identify weaknesses in target areas of customer service, human resource development, supplier and partner capabilities, work design, training effectiveness, proper equipment and financial resources. Our success depends on a top-down, bottom-up flow of information that measures the pulse of our organization and anticipates future requirements (Figure 4.1.2).

2.2a Acton Plan Development and Deployment. The Pacific Rim is, and will always be, of major strategic interest to the United States. Considering this, our vision embodies where we want to be in the Commander in Chief, Pacific's Pacific Rim strategy in 5-10 years. With the recent history of rapid development in Asia, the 10th ASG can expect to play a major role in forward presence and power projection. We must remain a highly trained and capable, organization, ready to provide reliable support. The 10th ASG's goals, objectives, and performance improvement initiatives are integrated into our total quality improvement plan and HPMS (Figure 2.2.1). Leaders can review and Goal/Objective Champions can update progress and performance data. Our goals and objectives are developed based on mission requirements, the needs of our customers and capabilities of our supplier/partners.

We determine overall key process and measurements that are linked to metrics, which conform to standards established to meet our goals and objectives (figure 6.1.4). Meeting and exceeding these standards, targets and goals measure our success.

Our Human Resource Development planning process begins with a needs survey of leaders, managers, and employees throughout the command. Our goal is to identify administrative, managerial, and technical training needed to satisfy our customers' needs as well as overall employee development. Considering the results of these surveys, our comprehensive Human Resource Development Plan (HRDP) that maximizes our use of resources and best provides our work force with the skills needed to satisfy present and future customer/partner requirements. Figure 2.2.2 highlights strategic areas for work force development that we consider in our HRDP.

In category 5, we describe our commitment to employee development, recognition and its linkage to our key business drivers.

Our HPMS provides an avenue to deploy our strategic plan throughout the Command, to include data on resources, customer satisfaction/needs, mission, vision, goals, objectives, and many other pertinent data related to overall operations.

Figure 2.2.2: 10th ASG Human Resource Considerations

• Work Design • Innovation • Work Force Development • Training • Recognition • Recruitment	• Flexibility • Responsiveness • Education • Safety • Benefits • Assistance Programs

Figure 2.2.1: 10th ASG Strategic Objectives (2-5 years) and Actions/Action Plans (1-2 years)
Objective 1.1 - Provide and Enhance Customer Oriented and Demand Driven Program/Services.
Objective 1.2 - Establish or Improve Grounds, Facilities and Infrastructure.
Objective 1.3 - Improve Work and Living Environment.
Objective 1.4 - Redistribute Funds and Resources Based on Customer Requirements.
Objective 2.1 - Enhance Individual and Team Improvement Effort.
Objective 2.2 - Improve and Expand Individual and Collective Education and Training.
Objective 2.3 - Improve and Increase Effective Communication of Information Throughout the Command.
Objective 3.1 - Integrate Technology.
Objective 3.2 - Maintain Continuity of Operations and Contingency Support.
Objective 3.3 - Increase logistics capability.
Objective 3.4 - Integrate new equipment.
Objective 3.5 - Maintain a trained and quality workforce.
Objective 4.1 - Enhance Internal/External Community Communications and Relations.
Objective 4.2 - Foster Cultural Awareness and Sensitivity Within The Army Community.
Objective 4.3 - Nurture and Enforce The Highest Standards of Individual and Collective Citizenship.

Figure 2.2.1 (con't)

Actions/Action Plans	KBA	KP	Actions/Action Plans	KBA	KP
1.1.1 - Implement 2000 Leisure Needs Survey Results	CA	1	3.3.5 - Establish and Maintain Exercise Stocks Account	SOD	11
1.1.2 - Improve Child Care Services	ACS	1	3.3.6 - Establish and Maintain Air Delivery Operation Stocks (ADOP)	SOD	12
1.1.3 - Improve awareness of the services and programs available through the implementation of the 10th ASG Intranet and develop Japanese World Wide Web Torii Station Home Page	DOIM/CRO	7	3.3.7 - Reduce MLC and MLC Drivers' overtime via contract taxi	SOD	2
1.1.5 - Implement biochemical testing of DACs in TDPs	ADAPCP	2	3.3.8 - Establish a Remedial Driver's Training Program	SOD	2
1.1.6 - Hire civilian contract Drug Demand Reduction Coordinator/IBTC	ADAPCP	2	3.3.9 - Enhance LOG mission via purchase of 22 containers	SOD	11
1.1.7 - Coordinate tri-service effort to address substance abuse issues among middle school and high school students.	ADAPCP	2	3.3.10 - Exercise Arrival/Departure Airfield Control (ADAG)	SOD	12
1.2.1 - Implement the 5-years and master plans	DPW	9	3.3.11 - Develop a JCS exercise SOP based on Balikatn FY2000	SOD	4
1.2.2 - Develop and implement an Energy Conservation Plan	DPW	10	3.3.12 - Enhance ATCO Operations	SOD	12
1.3.1 – Implement the space utilization evaluation results	DPW	9	3.3.13 - Enhance TMP Operations	SOD	12
1.3.2 - Develop the Arrive Alive program plan	PMO	1	3.3.14 - Construct ramp to wash ramp	SOD	12
1.4.1 - Develop 5-years plan for revenue	DCA	1	3.3.15 - Increase storage area for the sheet metal shop	SOD	11
2.1.1 - Monitor individual soldier training and professional development to maintain	S-2/3	3	3.3.16 - Construct new CPC building	SOD	11
2.1.2 - JN work force training end education	CPO, KAB	2	3.3.17 - Construct overhang to welding shop	SOD	12
2.1.3 - Mange personnel gains and losses	S-1	2	3.3.18 - Modify and maintain upgraded LCM	SOD	12
2.1.4 - Revise the Human Resource Plan	EA	2	3.3.19 - Acquire furnishings support via ISA with the Air Force on Kadena for senior single soldiers and DACs who elect to live off post	SOD	1
2.2.3 - Plan and deploy a Joint Logistics Support of the USARPAC JCS Exercise Balikatan - FY2000	S-2/3	3	3.3.20 - Upgrade CIF stockage	SOD	11
2.2.4 - Plan and execute Habu Sakusen - FY 2000	S-2/3	3	3.4.1 - Field mobile laboratory	505th QM Bn	6
2.3.3 - Establish SJA Web Page with Claims & LA Information	SJA	1	3.4.2 - Obtain electric forklifts	SOD	12
2.3.4 - Publish Ethics Guide	SJA	1	3.4.3 - Obtain MHE for transportation support	SOD	12
2.3.5 - Publish Legal Assistance Guide	SJA	1	3.4.4 - Acquire new laptops for exercise and mission requirements	SOD	4
2.3.6 - Establish a Family Member Misconduct Adjudication SOP	SJA	1	3.5.1 - Use collective military training to maintain readiness	505th QM Bn	6
3.1.1 - Implement 505th QM Bn control room upgrade	505th QM Bn	6	3.5.2 - Provide Security and OPSEC training to maintain awareness	S-2/3	5
3.1.2 - Implement automatic fuel tank gauging	505th QM Bn	6	4.1.1 - Visits to local institutions	CRO	8
3.1.3 - Implement HAP Management System	SOD	13	4.1.2 - Sports activities with local residents	CRO	8
3.1.4 - Conduct pipeline cathodic protection survey	505th QM Bn	6	4.1.3 - Assist DPW and GOJ in flawless coordination on SACO related relocations to Torii Station	CRO	8
3.2.3 - Establish a 10th ASG NBC Plan	S-2/3	4	4.1.4 - Conduct semi-annual joint US/JGSDF concert	CRO	8
3.2.4 - Revise the 10th ASG Emergency Action Plan	S-2/3	5	4.1.5 - Publicize/advertise the Army on Okinawa Story	PAO	8
3.3.1 - Upgrade manifold system	505th QM Bn	6	4.2.1 - Provide Community Relations Training	CRO	8
3.3.2 - Procure stellar tank body	SOD	12	4.2.2 - Protect environment by reducing hazardous materials	DPW	10
3.3.3 - Restructure vehicle assets	SOD	12	4.2.3 - Protect environment by recycling	DPW	10
3.3.4 - Replace monobuey	505th QM Bn	6	4.3.1 - Develop SOP of open and confidential methods for reporting fraud, waste or abuse	S-1	2

* KBA = Key Business Area * KP = Key Process

2.2.b Performance Projection. The Pacific Rim is of global strategic interest to the United States and our Allies. Considering this, our 5-10 year vision embodies our anticipated future missions, (Figure 2.2.3). As part of our planning process, we review the 5-10 year plans of our higher headquarters to ascertain our possible role in future operations and attend various joint planning session to include the Joint Okinawa Area Coordination Committee (JOACC). When planning for our future performance requirements, we consider both our macro and microenvironments.

Figure 2.2.3: Anticipated Future Mission
Intermediate Support Base (ISB) - 25th ID and 172nd SIB
Increased Support of Special Operation Forces
Increased Humanitarian Assistance Requirements
Increased Disaster Relief Operations
Safe Heaven for Noncombatants - Korea
Increasing Operational Requirements for Existing Services (Fuel, Communications, and Common User Land Transportation)
DoD Pacific Rim Military Organization Relocation Area
Increased Joint Service Planning & Operational Responsibilities

When planning to meet the requirements of our macro environment, we consider recent socioeconomic volatility, political instability, and rapid development in Asia. Based on these considerations and the long range plans of our higher headquarters, we expect to continue to play a pivotal role in providing our Major Command (MACOM), USARPAC, with a strategically located power projection platform that is capable of providing all forms of logistical support. Based on these considerations and our current strategic location, we believe that we have no competition from any other Area Support Group within the Asia-Pacific region. To prepare our organization, we have initiated planning in preparation of operating a Intermediate Support Base (ISB). Additionally, we have began practicing these skills during various Joint Chief of Staff (JCS) training exercises to include participation in Balikatan, the largest exercise held in the Republic of the Philippines. Other key training/development events that have prepared our organization for future missions include participation in Yama Sakura (disaster relief mission) and Dragon Strike (ISB mission).

When planning to meet the requirements of our micro-environment, we consider our productivity in providing services such as petroleum, communications, transportation, and facilities management. To prepare and plan for increased requirements and more efficient use of resources, we conduct internal planning sessions such as our Programming, Budgeting Advisory Committee (PBAC) meeting, Real Property Planning Board (RPPB) meeting, Japan Facilities Improvement Program (JFIP) meeting, Information Management Support Council (IMSC) meeting, and various other training related meetings. The goals of these meetings are to ascertain future resource requirements and then plan to meet them. During these meetings, productivity shortfalls are highlighted and performance improvement initiatives are measured. The best example of benefits resulting from these meetings was our use of Unfunded Finance Requirements (UFRs), identified and prioritized during our PBACs, that resulted in a landfall of money that was used to upgrade several of our antiquated Information Technology (IT) systems and to replace many of our high mileage Non-Tactical Vehicles (NTVs) supporting our Directorate of Public Works (DPW) mission.

Anticipated construction managed by the Japan Engineer District Okinawa and our DPW includes: a new Auto Craft Shop (FY00); the relocation of the DoDs' Schools (FY01); the relocation of the Foreign Intelligence Broadcasting Systems array site (FY01); the construction of a new Public Works Shop Complex (FY01); the construction of a new Small Craft Pier (FY02); the construction of a new Indoor Swimming Pool (FY03); and athletic facilities improvements (FY04). Figures 1.1.6, 1.1.7, and 1.1.8 represent our upgrade plan for replacement or construction of facilities intended to increase our productivity and prepare our organization for future missions and support requirements.

Anticipated training requirements that are programmed include: receiving and providing petroleum operations training to three USAR/ANG Quartermaster Companies (May-Aug 01); participation in several JCS exercises, including Balikatan (Apr-May 01); and various other sustainment training activities (Oct-Sep 01). These training exercises are designed to support our strategic vision, ultimately preparing our organization to assume a greater role in providing increased support and service to our Asia-Pacific customers/partners.

By conducting internal strategic planning, as described in this Chapter, and participating in external joint strategic planning activities such as our annual War Trace conference, the 10th Area Support Group remains "Battle Focused" and fully prepared to meet current and future logistics challenges.

HQDA Board of Examiners feedback on the above example:

The 10th ASG uses the HPMS and other traditional modes of communication such s meetings, surveys, support forms, information cards, etc., to communicate action plans to the installation. HPMS is an automated system used to evaluate and track progress relative to action plans. It is applied across all levels of the organization and links process management, work system design, information and analysis, and human resource development.

The 10th ASG has key strategic objectives, which are disseminated through quarterly training briefings, publication of annual and quarterly training guidance, various visual media, the HPMS, executive and strategic planning conferences, and the integrated training initiatives.

The organization has provided concise action plans and objectives for the next 2-5 years in Figure 2.2.1. The assessment identifies strategic areas for workforce development considered for Human Resources, Figure 2.2.2. The anticipated future mission is captured Figure 2.23.

3.0 Customer Focus (95 pts.)

The **Customer Focus Category** examines how your organization determines requirements, expectations, and preferences of customers and markets. Also examined is how your organization builds relationships with customers and determines the key factors that lead to customer acquisition, satisfaction, retention, and to business expansion.

3.1 Customer and Market Knowledge (45 pts.) [Approach-Deployment]

Describe how your organization determines short- and longer-term requirements, expectations, and preferences of current and potential customers, markets, and/or mission-related segments to ensure the relevance of current products/services and to develop new opportunities.

Within your response, include answers to the following questions:

a. Customer and Market Knowledge

(1) How do you determine or target customers, customer groups, and/or market/mission-related segments? How do you consider customers of competitors and other potential customers and/or markets in this determination?

(2) How do you 'listen and learn' and use the analysis of data and information to determine key requirements and drivers of purchase decisions for current, former, and potential customers? If determination methods differ for different customers and/or customer groups, include the key differences.

(3) How do you determine and/or project key product/service features and their relative importance/value to customers for purposes of current and future marketing, product planning, and other business developments, as appropriate? How do you use relevant information from current and former customers? Include in your answer marketing, sales information and reimbursable services, customer retention, won/lost analysis, and complaints where applicable.

(4) How do you evaluate and improve your listening and learning methods, and keep them current with business needs and directions?

Notes:

N1. This Item addresses external customers only – those outside of the organization. Responses should also take into account the differing requirements of various categories of customers often served by government organizations, such as entitled and mandated customers in addition to the traditional voluntary customers.

N2. Customer groups (3.1a(1)) might include Web-based customers and/or customers with whom you have direct contact. Key product/service features and purchasing decisions might take into account transactional modes and factors such as confidentiality and security.

N3. If your products and services are sold to end users via other organizations, such as private contractors, state and local governments, or non-profit organizations, customer groups (3.1a(1) should take into account the requirements and expectations of both the end users and these intermediate organizations.

N4. Product and service features (3.1(3)) refer to all-important characteristics and to the performance of products and services throughout their full life cycle. The focus should be primarily on features that bear upon customer preference and repurchase or use loyalty – for example, those features that differentiate products and services from competing or similar government or private offerings. Those features might include such factors as price, value, delivery, customer or technical support, and the program marketing or outreach relationship. Many government agencies must also consider non-competitive factors such as fairness and mandated services to entitled customers.

N5. Information about customers and markets is requested as a key input to strategic development (Item 2.1), to design products and services (Item 6.1, 6.2), and help leaders set direction for the organization (Item 1.1). However, strategy development could also generate the need for new or additional customer and market information, including new information gathering methods, and new customers and segments from which to gather information.

N6. Listening/learning (3.1a(2)) might include gathering and integrating Web-based data and information that bear upon customers' purchasing decisions. Keeping your listening and learning methods current with business needs and directions (3.1a(3)) also might include use of current and new technology, such as Web-based data gathering.

For definition of the following key term, see page 118: customer

3.0 Customer Focus

Item Descriptions

Customer Focus addresses how your organization seeks to understand the voices of customers and of the marketplace. The Category stresses relationship enhancement as an important part of an overall listening and learning strategy. Customer satisfaction results provide vital information for understanding customers and the marketplace. In many cases, such results and trends provide the most meaningful information, not only on customers' views but also on their marketplace behaviors – repeat business and positive referrals.

3.1 Customer and Market Knowledge

Purpose

This Item examines how the organization's key processes are used for gaining knowledge about your current and emerging customer requirements and markets, with the aim of offering relevant products and services, understanding emerging customer requirements and expectations, and keeping pace with marketplace changes and changed ways of doing business. This information is intended to support marketing, business development, and planning.

Requirements

You are asked how:

- you determine key customer groups and how you segment your markets;
- you consider potential customers, including your competitors' customers. Competitors may include similar organizations, both inside and outside government;
- you determine key requirements for and drivers of purchase decisions and how you determine key product/service features;
- these determinations include relevant information from current and former customers; and
- you keep your customer listening and learning methods current with your changing business needs and directions in a rapidly evolving competitive environment.

Comments

In a rapidly changing competitive environment, many factors may affect customer preference and loyalty and your interface with customers in the marketplace. This makes it necessary to listen and learn on a continuous basis. To be effective, listening and learning need to be closely linked with your organization's overall business/mission-related strategy.

Knowledge of customer groups and market segments allows your organization to tailor listening and learning strategies and marketplace offerings, to support and tailor your mission-related strategies, and to develop new business. For example, if the organization customizes its products and services, the listening and learning strategy needs to be backed by a capable information system—one that rapidly accumulates information about customers and makes this information available, where needed, throughout the organization or elsewhere within the overall value chain.

A relationship strategy may be possible with some customers but not with others. Differing relationships may require distinctly different listening and learning strategies. The use of e-commerce is rapidly changing many marketplaces and may affect your listening and learning strategies, as well as your definition of customer groups and market segments.

Selection of listening and learning strategies depends on your organization's key business factors. Increasingly, companies interact with customers via multiple modes. Some frequently used modes include:

- close integration with key customers;
- rapid innovation and field trials of products and services to better link research and development and design to market needs and/or mission requirements;
- close tracking of technological, competitive, societal, environmental, economic, demographic and other factors that may bear upon customer requirements, expectations, preferences, or alternatives;
- seeking to understand, in detail, customers' value chains and how they are likely to change;
- focus groups with demanding or leading-edge customers;
- training employees, particularly customer-contact employees, in customer listening;
- use of critical incidents, such as complaints, to understand key service attributes from the point of view of customers and customer-contact employees;
- interviewing lost customers to determine the factors they use in their purchase decisions; and won/lost and/or comparative analysis relative to competitors and/or similar organizations;
- post-transaction follow-up contacts with customers; and
- survey/feedback information, including information collected on the Internet.

Example 3.1 (U.S. Army Engineering and Support Center, Huntsville, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

3.1 Customer and Market Knowledge

1a(1) Determining customer groups and markets

Our charter, our ten areas of expertise, and the HQUSACE Board of Directors define our competitive limits. Laws, regulations, and manpower ceilings also limit competition. For example, without specific authority, we are not allowed to compete with private industry. In addition, HQUSACE regulates new work distribution within the Corps of Engineers. Within those narrow limits, we study the military market for areas that could benefit from our services. As a result, we segmented our business into product lines to meet various market needs. We also segmented our customers into the three groups in table 3.1-1 for further market perspective (fig. 7.1-6). Using all that information during annual strategic planning (2.1), we determined our FY2004 end-state as stated in table 2.2-1.

3.1a(2) Determining key requirements

Table 3.1-4, column 2, shows our product line listening and learning strategies. Table 3.1-2 shows what data we obtain and how we use it to determine customer requirements that will affect purchasing decisions. The information obtained is used to revise listening and learning strategies and develop or update customer project management plans. It is also used corporately in our strategic planning process (fig. 2.1-1) to update the Center's operation plan (table 2.2-1, teams 2, 3, and 12) and supporting product line business plans.

Table 3.1-1. Product line customer groups

Command group. The highest level of the organization. Concerned with policy and overall execution. Deals with all aspects of the program and how the program relates to other agencies.
Program group. Deals with fiscal performance and execution of tasks at the program level. Programs are generally large and diverse and are direct-funded efforts.
Project group. Deals with fiscal performance and execution of tasks. In contrast to programs, projects are more narrowly focused, with shorter, defined time limits.

Table 3.1-2. How we use data from collection methods listed in table 3.1-4

Focus	Data and Analysis Tools
What we learn about needs	•Key requirements: cost, responsiveness, quality, safety •Unique needs: design, construction, maintenance, ordnance removal, deployed forces support
How we identify purchase drivers	•Market data: industry expos, technology forums, working groups •Customer data: current & new customer needs, lost customer analysis, complaints
How we evaluate data	•LIR's, PRB,'s, IPR's (table 1.1-1) •Customer satisfaction data analysis (fig. 3.2-1)

<u>3.1a(3)</u> Determining product and service features

Fig. 3.1-1 shows our corporate process for defining and documenting customer requirements, product and service features, and customer access needs in table 3.1-4. To determine technical needs and communication preferences, we hold partnering meetings with customers. We then document customer requirements in MOA's and/or PMP's; clarify and reinforce them through further partnering sessions and customer visits; track them through IPR's, LIR's, and PRB's (table 1.1-1); and modify them through configuration management, as needed (6.1a). Performance measures for key requirements are used to determine if we met requirements (table 4.1-1). Also, our product delivery performance report cards and our annual customer survey provide information on customer likes and dislikes (3.2).

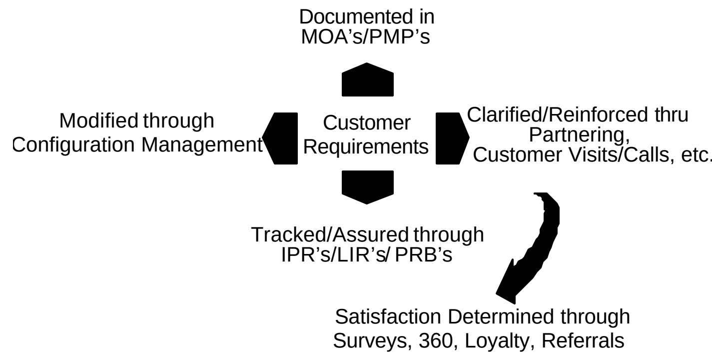


Figure 3.1-1 shows how we determine and manage customer requirements, receive feedback on recent transactions, and update the listening and learning strategies and access methods in table 3.1-4.

To determine long-term requirements, we:

- Review customers' current requirements.
- Survey customers' future needs (table 7.1-1 #18).
- Analyze DOD guidance, the program objective memorandum (POM), and federal legislation.
- Attend industry expos, technology forums, and technical working groups.
- Our ability to project customer and market needs has resulted in more work as shown in table 3.1-3.

Table 3.1-3. Increased work resulting from improved product and service features

Product line	New work/Customers
Installation Support	Center for Public Works energy program
Medical Program	Medical Facilities Office
Ballistic Missile Defense	National Missile Defense central manager for facility design
Chemical Demil	Russian Demil facility construction
Ordnance & Explosives	Ft. McClellan BRAC

Table 3.1-4 Product line communications methods

Product Line	Listening and Learning Strategies	Customer Access
Demilitarization	Daily dialogue, weekly conferences, monthly visits, monthly face-to-face meetings, partnering, ERG, PRT, draft statements of work review by customer, customer survey, 360.	Assigned project manager, liaison at customer facility, website, monthly management review meetings, IPR’s every 6 weeks with customer, contractor, suppliers.
Ordnance and Explosives	Pre-planning meetings, weekly tracking of customer feedback, quarterly IPR’s, JPG tests, UXO Forum and other tech. conferences.	Assigned project manager, website, new customer survey, product/service survey, annual report, OE newsletter.
Installation Support	Partnering and planning sessions, quarterly updates and IPR’s, team and interface meetings, conferences, seminars, configuration control boards, liaison customer facilities, draft RFP’s sent to customer for comment, national conferences, customer/product surveys, site visits to end user, 360.	Assigned project manager, team leader liaison, bulletin boards updating documents, website, pagers, design manuals on the Internet, database allowing customer project status for CDUP, technical working groups, hotlines for Ranges, TRACES, and PAX.
Operational Forces Support	Direct consultation, teleconferences, tri-annual planning sessions, IPR’s, conferences, customer/product surveys, 360.	Assigned project manager, DOG pamphlet in electronic format, annual Senior Leader Conference.
Medical Program	Daily telephone dialogue, weekly team meetings, monthly LIR’s, quarterly IPR’s, site and customer visits, customer project documents review.	Assigned project manager, website, pagers, central database, monthly reports, continual contact with facility reps.
Ballistic Missile Defense Program	Daily telephone dialogue, monthly LIR’s, customer/partner meetings, customer survey, 360.	Assigned project manager, pager for primary POC, quarterly IPR’s, weekly VTC with customers and partner, bi-weekly customer meeting, site and customer visits.

Increases in the Installation Support and Medical Programs resulted from marketing a time- and money-saving maintenance, repair, and renewal process we developed for our Energy Program. Our work for National Missile Defense was built through our long-term reputation in Ballistic Missile Defense work. The Russian Demil Program was transferred to us per customer request based on our current and past performance.

3.1a(4) Keeping listening and learning current
Table 3.1-5 shows processes used to evaluate and improve current and future listening/learning approaches:

Listening and learning strategies are updated as customer requirements change (fig. 3.1-1) and issues are resolved (fig. 3.2-1). Data from all three processes are aggregated and evaluated during strategic planning (fig. 2.1-1) and incorporated into the operations plan as needed (table 2.2-1, teams 2, 3, and 5).

Table 3.1-5. Improving listening and learning

Process Used	Real-time actions	Strategic Plans
Customer Management Process (fig. 3.1-1)	√	√
Complaint Management Process (fig. 3.2-1)	√	√
Gap analysis (fig. 1.1-3)		√

HQDA Board of Examiners feedback on the above example:

Due to the competitive limitations placed on the organization by higher headquarters, it is difficult to expand the organization's market. Operating within those narrow parameters of laws, regulations, manpower ceilings, and higher headquarters work distribution, the organization studied the military markets for new customers. As a result, its business is segmented into product lines to meet the various market needs. It also segmented its customers into three market groups: command group, program group, and project group.

The organization has a wide range of listening and learning strategies. These strategies range from face to face contact, formal meetings, team meetings, teleconferences, formal IPRs, and planning conferences. It uses these various methods to collect information that can then be used to develop its key requirements and unique needs. It identifies purchase drivers using the market data and customer data gleaned from these strategies.

The organization's method for determining its customer's needs in terms of its product and services is a formal process. The organization meets with its customers and partners to determine their technical needs. Those needs are documented and clarified in MOAs and PMPs and reinforced through further partnering sessions and customer visits. It has a process to track them through IPRs, LIRs, and PRBs and has established performance measures for the key requirements to ensure it meets those requirements.

When the organization performs its Customer Management Process, Complaint Management Process, and Gap Analysis, it uses this opportunity to evaluate and improve all listening and learning approaches. These listening and learning strategies are updated as customer requirements change, as issues are resolved, and as information from these processes are aggregated and evaluated during the strategic planning process.

To determine long-term requirements, the organization reviews customers' current requirements, surveys customers future needs and engages in other activities that would enable the organization effectively to project customer and market needs.

3.2 Customer Relationships and Satisfaction (50 pts.) [Approach-Deployment]

Describe how your organization builds relationships to acquire, satisfy, and retain customers. Describe how your organization determines customer satisfaction to improve current offerings; addresses current and projected customer and market- or mission-related business needs; and develops new opportunities.

Within your response, include answers to the following questions:

a. Customer Relationships

(1) How do you build relationships to acquire and satisfy customers and to increase repeat business and positive referrals?

(2) How do you determine key customer contact requirements and how they vary for differing modes of access? How do you ensure that theses contact requirements are deployed to all people involved in the response chain? Include a summary of your key access mechanisms for customers to seek information, conduct business, and make complaints.

(3) What is your complaint management process? Include how you ensure that complaints are resolved effectively and promptly and that all complaints are aggregated and analyzed for use in improvement throughout your organization and by your partners, as appropriate.

(4) How do keep your approaches to building relationships and providing customer access current with business needs and directions?

b. Customer Satisfaction Determination

(1) How do you determine customer satisfaction and dissatisfaction and use this information for improvement? Include how you ensure that your measurements capture actionable information that predicts customers' future business with you and/or potential for positive referral. Describe significant differences in determination methods for different customer groups.

(2) How do you follow up with customers on products/services and recent transactions to receive prompt and actionable feedback?

(3) How do you obtain and use information on customer satisfaction relative to customers' satisfaction with competitors or similar organizations and/or benchmarks, as appropriate?

(4) How do you evaluate, improve, and keep your approaches to satisfaction determination current with business needs and directions?

Notes:

N1. Customer relationships (3.2a) might include the development of partnerships or alliances with customers.

N2. Determining customer satisfaction and dissatisfaction (3.2b) might include use of any or all of the following: surveys, formal and informal feedback, use of customer account histories, complaints, and transaction completion rates. Information might be gathered on the Internet, through personal contact or a third party, or by mail.

N3. Customer satisfaction measurements might include both a numerical rating scale and descriptors for each unit in the scale. Actionable customer satisfaction measurements provide useful information about specific products/service features, delivery, relationships, and transactions that bear upon the customers' future actions - repeat business and/or positive referral.

N4. Your customer satisfaction and dissatisfaction results should be reported in Item 7.1.

N5. A complaint management process may include a customer advocacy program.

3.2 Customer Relationships and Satisfaction

Purpose

This Item examines your organization's processes for building customer relationships and determining customer satisfaction, with the aim of acquiring new customers, retaining existing customers, and developing new opportunities.

Requirements

In this item you are asked:

- how you build relationships to acquire and satisfy customers and to develop repeat business and positive referrals since business success, business development, and product/service innovation increasingly depend on maintaining close relationships with your customers;

- how you determine key customer contact requirements and how these vary for different modes of access. As part of this response, describe the key access mechanisms customers use to seek information, conduct business, and make complaints. Also explain how customer contact requirements are deployed along the entire response chain;

- to describe your complaint management process. This description should include how you ensure prompt and effective problem resolution. The description also should cover how all complaints are aggregated and analyzed for use in improvement throughout your organization and by your partners, as appropriate;

- keep your approaches to relationship building and customer access current with your changing business needs and directions;

- how you determine customer satisfaction and dissatisfaction, including how you capture actionable information that reflects customers' future business and/or positive referral;

- how you follow up with customers regarding products/services and recent transactions to receive prompt and actionable feedback;

- how you obtain and use information on customer satisfaction relative to satisfaction with competitors or similar organizations and/or benchmarks so you can gauge your performance in the marketplace; and

- Finally, how you keep your methods for determining customer satisfaction current with your changing business needs and directions.

Comments

This Item emphasizes how you obtain actionable information from customers. Information that is actionable can be tied to key product, service, and business processes and be used to determine cost/revenue implications for setting improvement and change priorities.

Complaint aggregation, analysis, and root cause determination should lead to effective elimination of the causes of complaints and to setting priorities for process, product, and service improvements. Successful outcomes require effective deployment of information throughout the organization so everyone can learn from these customer transactions.

In determining customers' satisfaction, a key aspect is their comparative satisfaction with competitors or like organizations and competing or alternative offerings. Such information might be derived from your own comparative studies or from independent studies. The factors that lead to customer preference are of critical importance in understanding factors that drive markets and potentially affect longer-term competitiveness.

Changing business needs and directions might include new modes of customer access, such as the Internet. In such cases, key contact requirements might include on-line security for customers and access to personal assistance.

Example 3.2 (U.S. Army Engineering and Support Center, Huntville, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

3.2 Customer Satisfaction and Relationships

3.2a Customer relationships

3.2a(1) Accessibility Our project management process is our primary system for ensuring strong customer focus and close contact with the customer. Each project customer has its own project manager (PM), who is the primary customer contact.

As shown in fig. 3.1-1, we then determine individual customer contact requirements in table 3.1-4 during initial partnering sessions. To meet changing requirements, we update approaches through IPR's, other customer reviews, or requests to the PM.

To ensure that customer contact is continuous and proactive, management policy requires that the staff initiate frequent personal contact with customers.

3.2a(2) Deploying contact requirements Table 3.2-1 summarizes our standard customer service process, including major customer contact points, key requirements of the contacts, and adequacy indicators.

Table 3.2-1. Standard key customer service process

Key Contact	Key Requirements	Key Indicators
Making the deal	Key players attend meeting, product needs, resources required, delivery timeline	MOA or formal agreement
In-process reviews	Milestones defined cost/schedule status	Up-to-date Project Management Plans
Product delivery	Meet product needs and teamwork agreements	Product/service performance review

With 500 projects to execute, our challenge is to tailor processes to individual requirements. We do that through our integrated process teams (IPT's). Lead by a PM, IPT's are cross-functional teams that integrate processes to deliver specific products and services. IPT members become knowledgeable of specific contact requirements through team meetings and MOA's/PMP's. To reinforce the importance of customer focus and communication, IPT performance measures include customer satisfaction ratings. Goals are based on comparisons with similar providers (figs. 7.1-1, -3, -5). We receive high ratings for flexibility in responding to needs and seeking requirements (figs. 7.1-1, -3, #'s 1 and 8). Also, external customers also rate IPT members through 360.

3.2a(3) Complaint management Fig. 3.2-1 shows the flow of our complaint management process. PM's receive complaints through communication methods in table 3.1-4, our management process in fig. 3.1-1, or surveys. PM's analyze complaints and ensure that problems are resolved either within the team or through higher levels. Customers are included in and approve resolutions. Customer satisfaction data and concerns are shared at LIR's/PRB's.

To ensure that complaints are answered promptly and satisfactorily, IPT team award measures include customer satisfaction goals. Our customer survey team independently conducts the annual survey and collects the data. The survey team analyzes data by command group (table 3.1-1), product line, and individual PM, aggregating and reporting findings to the PM and the LIR/PRB. All customers who rated us below 3 in any category are contacted quickly (fig. 7.1-8). In addition, directors send letters to respondents, staffed through the commander for signature. The letters address corrective actions on specific issues. PM's develop improvement plans that become part of their business action plans and are briefed at the PRB.

Since 1995, we have increased our customers' satisfaction in how we solicit, listen to, and resolve concerns (fig. 7.1-1, question 4).

3.2a(4) Building relationships We build customer relationships in two ways:

- *Customer-focused culture.* Building customer relations begins with our work design, which aligns along internal and external customer service as described in 5.1. We strengthen these relationships through our customer management and complaint processes (figs. 3.1-1 and 3.2-1) and 360 review and team performance awards.
- *Strategic planning.* We also build customer relationships through our operations plan KSF "Focus On Customer and Market Needs" (table 2.2-1).

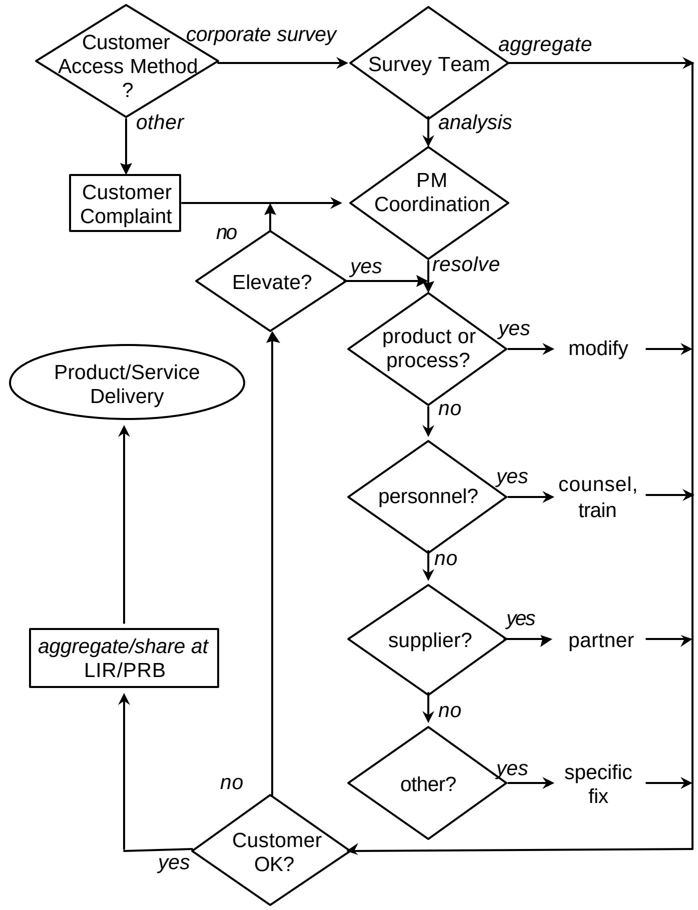


Figure 3.2-1. Complaint management process

Our customer satisfaction survey shows a high level of customer loyalty: 94% said that we would be their choice for future work, 95% said they would recommend us to other organizations, and nearly 35% stated that they knew of other organizations that would benefit from our services (table 7.1-1). Good relationships with customers gained us work as described in table 3.1-3 and charted in figs. 7.2-17, -18, -19.

3.2a(5) Evaluation and improvement We continually refine customer access methods in table 3.1-4 through our customer management process in fig. 3.1-1, annually through our customer satisfaction survey (table 7.1-1, questions 1, 4, and 9), and annually through our gap analysis (fig. 1.1-3). Table 3.2-2 summarizes customer access improvements.

Table 3.2-2. Access/relationship improvements

Review process	Improvements
Customer management process (fig. 3.1-1)	Improved PMP's. Top management involvement emphasized.
Annual Survey analysis (table 7.1-1) and complaint management (fig. 3.2-1)	Product performance report cards. Required PM weekly customer contacts.
Gap analysis (fig. 1.1-3)	Customer management SOP. Customers included in 360 ratings. Team performance goals.

Furthermore, during strategic planning, we developed several strategic initiatives through our annual SWOT analysis specifically aimed at building customer relationships (table 2.2-1):

- Team 2: Establish a team to monitor market trends and propose marketing strategies.
- Team 3: Develop marketing strategies for joint service and support for others opportunities.
- Team 5: Improve methodology for reviewing changing missions and customers.
- Team 12: Improve customer-relations management process.
- Team 13: Increase formal partnering with Corps regional business centers.

3.2b Customer satisfaction determination

3.2b(1) Satisfaction determination methods

- *Customer retention and referrals.* Fig. 7.2-17 shows development of our customer base since 1969. We also track customer retention and referrals through customer satisfaction survey questions (table 7.1-1, #14, #16, #18, #19). Fig. 7.1-9 shows long-term customers.
- *Market growth.* Market data discussed in 3.1a(3) and summarized in table 3.1-3 and current and projected workloads from tables 2.2-3 and -4 and figs. 7.2-17, -18, -19 are also satisfaction indicators.
- *Product/service performance.* Product lines have tailored performance "report cards" provided to customers at product/service delivery. Such performance data and rework rates are used to project satisfaction and validate annual customer satisfaction results (fig. 7.1-11 and table 7.1-2).
- *360 feedback.* Another tool for customer service satisfaction is our 360 review (1.1a(1), 5.1a(3)). Employees in the GS/GM 13-15 group include external customers as raters.
- *Comparison to similar providers.* See 3.2b(3).
- *Annual External Customer Survey.* Our annual customer satisfaction survey process is a Center-wide tool for determining customer satisfaction. Survey results are acted upon as shown in fig. 3.2-1, with low scores addressed through improvement plans. Our annual customer satisfaction survey data are analyzed and used in several ways:

  >To determine customer satisfaction Center-wide (figs. 7.1-1, -2).

  >To determine customer satisfaction for market segments (figs. 7.1-6).

  >To determine areas of improvement (fig. 7.1-8).

  >To determine/rank customer needs (table 7.1-1, #17 and #18, fig. 7.1-5).

  >To compare to similar providers (table 7.1-1, #16, figs. 7.1-3, -4).

  >To obtain seek new customers (table 7.1-1, #19 and #20).

  >To seek future customer needs (table 7.1-1, # 18) as described in 3.1a(3).

3.2b(2) Follow-up on recent transactions IPT's seek feedback on recent transactions through IPR's or partnering meetings (fig. 3.1-1). Such regularly scheduled reviews with customers and suppliers ensure that the customer is satisfied with project progress. IPT's find it beneficial to seek customer feedback through real-time performance data requests at key milestones and at product delivery. Even more, PM's have continual contact with their customer through daily dialogue, weekly conference calls, and visits to customers. For issues elevated to higher levels, senior managers or the commander calls or visits the customer.

3.2b(3) Customer satisfaction and competitors We determine customer satisfaction relative to similar providers by comparing our annual customer satisfaction survey results Corps-wide and with individual Corps military districts and MSC's (fig. 7.1-3, -4). Because HQUSACE adopted our customer survey for Corps-wide use, we have an objective and parallel method for comparing customer satisfaction data to similar providers. Corps comparisons are critical to fulfilling our strategic objectives because our primary threat is HQUSACE distribution of work. Table 7.1-1 #16 shows customer satisfaction compared to our competitors/similar providers.

3.2b(4) Evaluation and improvement We evaluate and improve our satisfaction determination process through our annual gap analysis (fig. 1.1-3). Improvements made since 1995 include:

- Aggregated and analyzed customer satisfaction data Center-wide and tracked corrective action plans for dissatisfied customers through a formally established survey team.
- Segmented survey results by product line, directorate, individual projects, project managers, and command levels.
- A weighting factor (fig. 7.1-5).
- Revised/new questions to meet changing needs.
- Satisfaction compared to competitors.
- Referral potential.
- Review customer satisfaction at PRB's.

HQDA Board of Examiners feedback on the above example:

To ensure that the organization is fully cognizant of its customer's needs, the organization has aligned its business with its customers, using a project management process. This system ensures the organization has a strong customer focus and close contact with each customer. Each project customer has its own project manager who is the primary customer contact. The organization also utilizes its initial partnering sessions with its customers to establish its individual customer contact requirements. The organization also has policy set in place to ensure that continued, ongoing contact is maintained through the organization's program manager and the customer.

As mentioned, the organization determines its individual customer contact requirements during its initial partnering sessions. It ensures these contact requirements are disseminated to the entire staff through the use of Integrated Process Teams (IPTs). IPT members become knowledgeable of specific contact requirements through team meetings and Memorandums of Agreement (MOAs)/Project Management Plans (PMPs).

The organization has a formal complaint management process, which is outlined in Figure 3.2-1. Results from this process are included in Category 7, Business Results.

The organization has two major methods to determine and build customer relationships. These are through the use of a customer-focused culture and through strategic planning. In the customer-focused culture, the organization begins with the work design that aligns along internal and external customer service. The organization strengthens these relationships through customer management and complaint processes, 360 review, and team performance rewards. The organization also uses one of its Key Success Factors in the Strategic Plan, "Focus on Customer and Market Needs" to build customer relationships.

The organization continually assesses its customer access methods using its customer management process, customer satisfaction survey, and annual gap analysis. In addition, during strategic planning, the organization has several strategic initiatives that were developed by SWOT analysis and aimed at building customer relationships. These are: monitoring market trends, developing marketing strategies, improving methodology, improving customer relationship management process, and increasing formal partnering.

The organization utilizes various methods to measure how effective it is in analyzing its customer satisfaction and dissatisfaction. The organization uses customer retention and referrals, market growth, product/service performance, 360 feedback, comparison to similar providers, and the annual external customer survey. These results are given in category 7, Business Results.

The organization follows up with its customers to ensure feedback using several methods. The organization also utilizes its Project Managers to gather feedback on a continuous basis. In addition, the organization communicates with customers in IPTs and partnering meetings, daily dialogue, weekly conference calls, and customer visits. Finally, the organization reviews results at key milestones and at product delivery.

The organization obtained comparative information from higher headquarters and compares customer satisfaction results corps-wide and with individual Corps military districts and Major Subordinate Commands (MSCs).

The organization uses a variety of means to assess and improve customer satisfaction. Included is an annual gap analysis to evaluate and improve the overall customer satisfaction determination process. Documented improvements to the customer satisfaction determination process would appear to validate the effectiveness of this gap analysis in achieving its stated objective.

The organization does an excellent job of defining customer contact requirements in its standard customer service process. Further, customer satisfaction is part of each IPT's performance measures and is also part of the 360 evaluations. This process is an excellent method of deploying customer contact requirements and insures teams awareness.

4.0 Information and Analysis (95 pts.)

The **Information and Analysis Category** examines your organization's information management and performance measurement systems and how your organization analyzes performance data and information.

4.1 Measurement and Analysis of Organizational Performance (45 pts.) [Approach-Deployment]

Describe how your organization provides effective performance measurement systems for understanding, analyzing, aligning, and improving performance at all levels and in all parts of your organization.

Within your response, include answers to the following questions:

a. Performance Measurement

(1) How do you gather and integrate data and information from all sources to support daily operations and organizational decision-making?

(2) How do you select and align measures/indicators for tracking daily operations and overall organizational performance.

(3) How do you select and ensure the effective use of key comparative data and information?

(4) How do you keep your performance measurement system current with business needs and directions?

b. Performance Analysis

(1) What analysis do you perform to support your senior leaders' organizational performance review and your organization's strategic planning?

(2) How do you communicate and ensure effective utilization of the results or organizational-level analysis to work group and/or functional-level operations to enable effective support for decision-making?

(3) How do you align the results of organizational-level analysis with your key business results, strategic objectives, and action plans? How do these results provide the basis for projections for continuous and breakthrough improvements in performance?

Notes:

N1. Performance measurement is used in fact-based decision making for setting and aligning organizational directions and resource use at the work unit, key process, departmental, organization component and whole organization levels.

N2. Comparative data and information sources (4.1a(3)) include benchmarking and competitive comparisons. "Benchmarking" refers to identifying processes and results that represent best practices and performance for similar activities, inside or outside your organization's industry. For organizations that operate in a market environment, competitive comparisons refer to performance relative to direct competitors in the organization's markets. Many government organizations do not have competitors as such. For those, "competitive comparisons" in the Criteria refer to organizations with similar mission, operations and/or customers.

N3. Analysis includes examining trends; organizational, industry, and technology projections; and comparisons, cause-effect relationships, and correlations intended to support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly, analysis draws upon all types of data: customer-related, financial and market, operational, and competitive.

N4. The results of organizational performance analysis should contribute to your senior leaders' organizational performance review in

1.1b and organizational strategic planning in Category 2.

N5. Your organizational performance results should be reported in Items 7.1,7.2,7.3,and 7.4.

For a definition of the following key term, see page 117: analysis

4.0 Information and Analysis

Item Descriptions

Information and Analysis provides the key information necessary to effectively measure performance, manage your organization, and drive improvement of performance and competitiveness. In the simplest terms, Category 4 is the "brain center" for the alignment of your organization's operations and its strategic directions. Collection and analysis of the right information and data is critical. From this information and analysis, your organization determines where it is, if it is going in the direction defined in your strategic plan and how it compares to your competitors or providers of like products or services. Since information and analysis may contain primary sources of competitive advantage and productivity growth, it has strategic considerations.

4.1 Measurement and Analysis of Organizational Performance

Purpose

This Item examines your organization’s selection, management, and use of data and information for performance measurement and analysis in support of organizational planning and performance improvement. The Item serves as a central collection and analysis point in an integrated performance measurement and management system that relies on financial and nonfinancial data and information. The aim of measurement and analysis is to guide your organization’s process management toward the achievement of key business results and strategic objectives.

Requirements

You are asked:

- how you gather and integrate data and information for monitoring daily operations and supporting organizational decision-making and how you select and use measures for tracking those operations and overall organizational performance;
- how you select and use comparative data and information to help drive performance improvement. These requirements address the major components of an effective performance measurement system.
- what analyses you perform to support your senior leaders’ assessment of overall organizational performance and your strategic planning;
- how the results of organizational-level analysis are communicated to support decision making throughout your organization and are aligned with your business results, strategic objectives, and action plans; and
- how you keep your organization’s performance measurement system current with changing business and mission-related needs and directions.

Comments

Alignment and integration are key concepts for successful implementation of your performance measurement system. They are viewed in terms of extent and effectiveness of use to meet your performance assessment needs. Alignment and integration include how measures are aligned throughout your organization, how they are integrated to yield organization-wide data/information, and how performance measurement requirements are deployed by your senior leaders to track work group and process-level performance on key measures targeted for organization-wide significance and/or improvement.

The use of comparative data and information is important to all organizations. The major premises for use are (1) your organization needs to know where it stands relative to competitors and to best practices, (2) comparative and benchmarking information often provides the impetus for significant (“breakthrough”) improvement or change, and (3) comparing performance information frequently leads to a better understanding of your processes and their performance. Benchmarking information also may support business analysis and decisions relating to core competencies, alliances, and outsourcing.

Your effective selection and use of comparative data and information require (1) determination of needs and priorities; (2) criteria for seeking appropriate sources for comparisons—from within and outside of your organization's industry and markets; and (3) use of data and information to set stretch goals and to promote major, non-incremental ("breakthrough") improvements in areas most critical to your organization's competitive strategy.

Individual facts and data do not usually provide an effective basis for setting organizational priorities. This Item emphasizes that close alignment is needed between your analysis and your organizational performance review and between your analysis and your organizational planning. This ensures that analysis is relevant to decision making and that decision making is based on relevant data and information.

Action depends on understanding cause-effect connections among processes and between processes and business/performance results. Process actions and their results may have many resource implications. Organizations have a critical need to provide an effective analytical basis for decisions because resources for improvement are limited and cause-effect connections are often unclear.

Analyses that your organization conducts to gain an understanding of performance and needed actions may vary widely depending on your type of organization, size, competitive environment, and other factors. Examples of possible analyses include:

- relationships between employee/organizational learning and value added per employee
- how product and service quality improvement correlates with key customer indicators such as customer satisfaction, customer retention, and market share
- cost/revenue implications of customer-related problems and effective problem resolution
- interpretation of market share changes in terms of customer gains and losses and changes in customer satisfaction
- improvement trends in key operational performance indicators such as productivity, cycle time, waste reduction, new product introduction, and defect levels
- relationships between employee/organizational learning and value added per employee
- financial benefits derived from improvements in employee safety, absenteeism, and turnover
- benefits and costs associated with education and training, including Internet-based, or e-learning, opportunities
- benefits and costs associated with improved organizational knowledge management and sharing
- how the ability to identify and meet employee requirements correlates with employee retention, motivation, and productivity
- cost/revenue implications of employee-related problems and effective problem resolution
- trends in individual measures of productivity, such as work force productivity, and individual or aggregate measures of productivity and quality relative to competitors and/or organizations with similar missions, functions or processes
- cost trends relative to competitors and/or similar organizations
- relationships among product/service quality, operational performance indicators, and overall financial performance trends as reflected in indicators such as operating costs, revenues, asset utilization, and value added per employee
- allocation of resources among alternative improvement projects based on cost/benefit implications or environmental/community impact
- comparisons among business units showing how quality and operational performance improvement affect financial performance
- financial and other impacts of customer retention
- cost/revenue implications of new market entry, including global market entry or expansion
- cost/revenue, customer, and productivity implications of engaging in and/or expanding e-commerce/e-business and use of the Internet and intranets

- trends in economic, market, and shareholder indicators of value

The availability of electronic data and information of many kinds (e.g., financial, operational, customer-related, accreditation/regulatory) and from many sources (e.g., internal, third party, and public sources; the Internet; and Internet tracking software) permits extensive analysis and correlations. Effectively utilizing and prioritizing this wealth of information are significant organizational challenges.

Example 4.1 (10th Area Support Group, self-assessment for 2001 PQA Application)

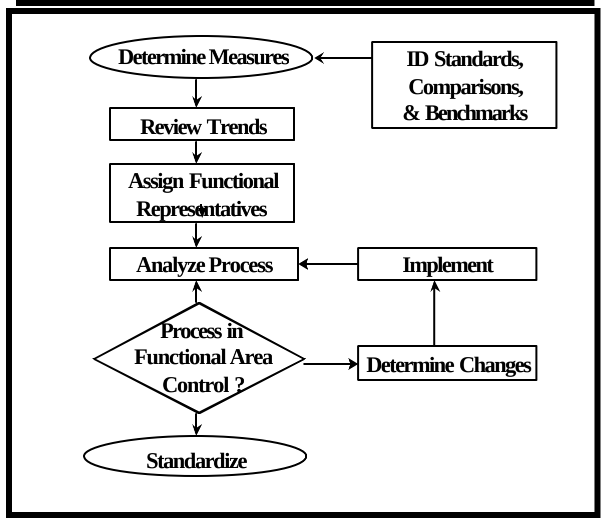
Shows only a technique for assessment. This example does not represent a 100% Score:

4.1 Measurement of Organizational Performance. Our understanding of the need to manage by fact using current data is the critical basis underlying the design and implementation of our Local Area Network (LAN) based High Performance Management System (HPMS). This system is available to all personnel and serves as a focal point for analyzing and improving the organization's performance.

4.1a(1) Effective Performance Measurement System. Our continuing focus on customer requirements, mission goals, and objectives and resource management is the driving force behind our strategic plan and dictates the information and data we collect in our HPMS. Through consistent Review and Analysis of the data, we evaluate the success of our key processes and adjust priorities as necessary. For each of our key products and services, we have identified our customers' key requirements. To monitor our success in satisfying these requirements, we measure key aspects of customer satisfaction, such as: availability of services; timeliness, efficiency, completeness, meeting customer expectations; and delivery of the product or service. We also collect data to determine our costs and efficiency in providing the services, such as time to completion and compliance with budget restrictions. A list of our key process requirement measures and standards is provided in Figure 6.1.4.

The process for our Trend Review and Analysis is depicted in Figure 4.1.1. This process occurs as a breakout of the "Measure Process and Determine Standards" steps of our Process Improvement Model (Figure 6.1.1). It is a continuous process of trend analysis and monitoring measurement data key to our overall performance. Performance data is archived in our centralized HPMS, which is available throughout the Command on the LAN. Personnel at all levels have read-only access to the data to consult for day-to-day decision-making, planning activities, reviewing trends, and conducting analysis. Only key personnel who are responsible for various measures

Figure 4.1.1: Trend Review and Analysis Model



are authorized to input data into the system for their respective areas. We regularly review our key processes and goals at various levels within the organization, with a focus on critical success factors. These scheduled reviews occur at the senior leadership, directorate, or work section level. Our monthly performance data and analysis results flows continuously both up and down within the command chain. The Executive Steering Committee (ESC) members regularly identify the appropriate areas to monitor and how to reallocate resources for process improvement design based on data provided by stakeholders and through feedback. Priority areas are adjusted based on this information, analysis and leadership guidance, and continuous review.

We determine initially what data is monitored during our annual Strategic Planning Conference (SPC) and adjust those areas as necessary throughout the year to reflect current requirements. Each measure is directly linked to one or more of our Key Business Drivers (KBD) and key processes (KP), see Figures 0.6 and 6.1.4. Considering current areas of interest and customer requirements (Customer Needs

Surveys), Figure 3.1.2, the Commander and senior leaders identify a subset of measures to be reviewed on a monthly basis. They also identify measures to be used to specifically evaluate our progress toward meeting the goals identified by our Human Resources Plan (HRP). We maintain data using benchmarks or standards researched and recommended by our directorates and validated by our senior leaders. We use our HPMS as an efficient and simplified means of collecting, evaluating, and sharing this data throughout the Command. This tool presents data in standardized and easily understood formats and is an excellent source of information for use by anyone wanting to gain a quick review of the organization's overall performance. We also incorporate other types of data in the HPMS. For example, we store the strategic plan, directorate-specific information pages, major events calendar, local community events information, command policies, self-paced training, long-range goals and objectives within the HPMS to create a centralized system to monitor process performance. Many of these other types of information and data are critical to the determination, development and implementation of improvement options. For example, the Resource Management Directors Page has year-to-date budget information for each of the directorates. This data also contains the projected cost for many of the major improvements to be implemented throughout the year. As a result, we are able to monitor and balance the effect of various planned improvements on the overall organizational budget.

The 10th ASG is a unique and isolated organization. Our remote geographic location, work force composition, and responsibility to provide certain major products and services for all U.S. military services and Department of Defense (DoD) agencies on island combine to create a unique organization. We vigorously try to identify valid competitors, to meet or beat the competition in areas we identify, and best use our resources.

Using feedback from tools such as our Customer Needs Survey (CNS), which is assessed semi-annually, the ESC and our directors determine which of our processes areas can be benchmarked against competitors and those areas where other comparisons are more appropriate. For certain measures, such as fuel storage, there are no relevant external benchmarks or standards and we establish internal performance standards.

Whenever possible, we also compare current data to our historical trend data, which tracks our past performance. This allows us to regularly discuss and evaluate our present performance and to gauge our improvement efforts. This internal comparison is especially useful when evaluating newly implemented process changes. Based on these assessments we identify emphasis areas of improvement. We then prioritize these areas, identifying needs, resources, utilizing new technologies and instilling pride in process ownership as improvement techniques and methods.

Directorate and key process owners identify competitors that provide like products and services, or those who have earned the "best in class" distinction. A competitor can be another Army unit that has won a mission specific competition related to one of our key processes or an installation that has received an overall quality award. We are very proud to have been recognized as the winner of several such awards, as listed in Figure 0.7 of the Overview. Where appropriate, we select private world-class industry standards as sources of comparative data.

For our products and services that compete with other similar offerings in the immediate geographic area, such as our Directorate of Community Activities (DCA) facilities and services or our tax center, we measure our performance against our sister services on island. One example is the offering of tax services at our Tax Assistance Center, compared to our better resourced and staffed sister services; we service a significantly higher percentage of our eligible clientele. Scuba diving equipment is a very competitive market on Okinawa. Our Scuba Locker periodically surveys the other services' dive shops for comparable pricing. Using their price averages, we then try to meet or beat our competitors' prices for equipment and services.

Once we identify a valid comparison source, we enter the comparison into our HPMS along with our own key measurement data (Figure 6.1.4). This allows us to continuously compare our performance against selected comparative data. Using data collected from the chosen competitor, we identify interim stretch targets and objectives for process improvement. These targets provide continuous, immediate trend gauges of comparative data as we input our current performance data.

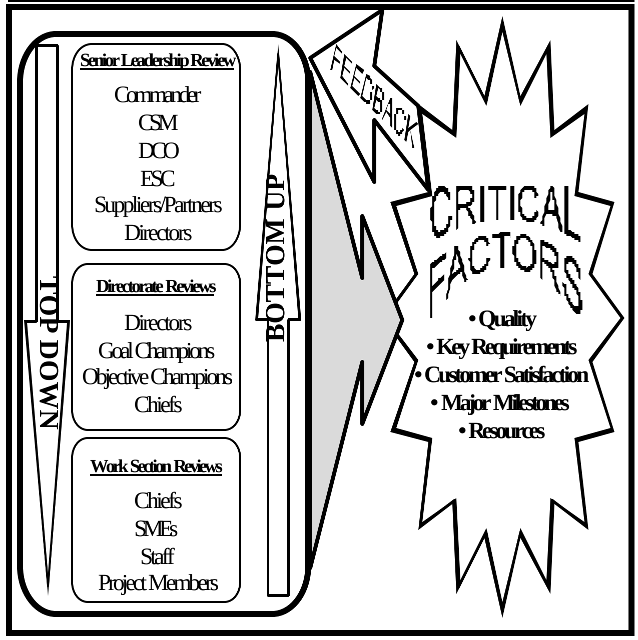
When we conduct Review and Analysis or other progress reviews, we have current and accurate information readily available for analysis and decision-making. The deployment of the Defense Messaging System (DMS) is one example of how we apply comparison data to establish a stretch target. The Directorate of Information Management (DOIM) identified U.S. Army Pacific (USARPAC) as a source of comparison data for transitioning users from the existing messaging system to DMS. Based on projected cut over dates, we established a stretch target of June 1999 as our local date for converting organizational users. We established and exceeded the target by the end of May, and continue to exceed both USARPAC and other Army goals for the implementation of this new service.

Our competitive performance record in the 10th ASG has been remarkable, particularly considering the size of our organization. We were Winner in the Chief of Staff of the Army (CSA) Army Communities of Excellence (ACOE) Award in 1999, 2000, and Runner-Up in 1998. We received the CSA ACOE Award for Excellence in Legal Assistance in 1995, 1996, and 1997 and also won the Judge Advocate General's Award for Excellence in Claims in 1996, 1997, and 1999. Directorate of Public Works (DPW) rated "Best in Pacific" status under the Army's 1997 Environmental Compliance System, and won the U.S. Forces Japan Installation Environmental Excellence Award in 1996. Support Operations Directorate (SOD) was Runner-Up in the CSA Award for Supply Excellence (USARPAC Division) in 1996, and 1997. The 505th Quartermaster Battalion (505th QM Bn) has distinguished itself in worldwide competition. Among other awards, it won the 1995, 1997, and 1999 CSA Award for Maintenance Excellence (USARPAC Division); and in 1996, won Runner-Up in the CSA Award for Maintenance Excellence.

4.1a(2) Keeping Our Performance Measurement System Current. During our annual SPC, we jointly review goals and processes and assess whether we are tracking the appropriate data and information in our HPMS. Throughout the year we use the approach of Figure 4.1.2 to ensure a top-down and bottom-up flow of information that enables a continuous review cycle of customer requirements, satisfaction against our strategic goals, and continued relevancy of data measurements.

During our process review, we evaluate our goals, plans, performance shortfalls, and pending changes. This allows us to continuously assess and reassess our progress to meet our goals and objectives under the current plan and discuss needed alterations or changes to accommodate changing business requirements. New objectives are established and assigned as necessary. Once objectives are established, we identify new performance measures to monitor our progress toward accomplishing the goal. Goal Champions and senior leaders may then recommend to the Commander, based on analysis, appropriate measures to be added to, or deleted from, the list of measures reviewed on a monthly basis. Our performance against these new measures is then addressed at the monthly Review and Analysis (R&A) meetings.

Figure 4.1.2: "Top Down / Bottom Up Information Flow"



During our R&A meetings, we review and discuss competitor information, data measures, and stretch targets. Using information gained from the "top-down and bottom-up information flow", we are able to discuss the effectiveness of our approach to continuous improvement with current data immediately available.

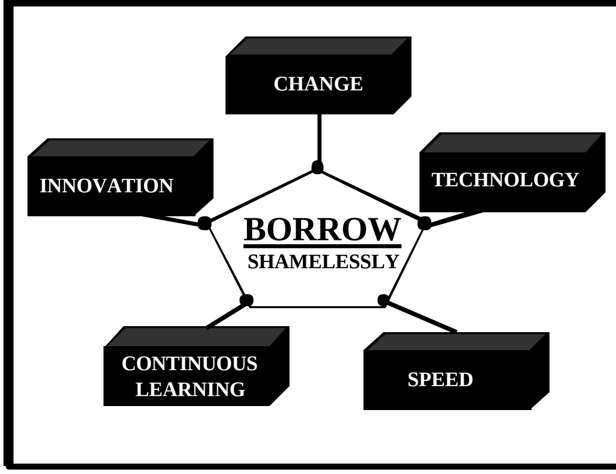
When changing conditions or requirements necessitate designing new processes or improving current processes, we begin anew seeking performance measures and competitor identification. Managing change has become an essential business reality. We manage this reality by searching for best practices, innovative ideas, and highly effective operating procedures. Our experience has shown that it makes good sense to learn from the lessons of others. To this end, Figure 4.1.3 shows how we purposely set out to obtain key information from superior performers.

Less complex changes are discussed and approved during monthly R&A meetings and staff meetings while major changes are addressed at the off-site SPC. Plans and measures are then updated to reflect the changes. Once new key measures are established and a comparative data source identified, the cycle returns to continued analysis and review of feedback.

During our annual SPC we also assess the usefulness and effectiveness of the software used within our

HPMS. Information gathered from users of the system suggested the previous system was too cumbersome. Proposed changes to the HPMS were submitted at the most recent SPC and ESC members reviewed the proposed system. A plan to test and implement the modifications was put in place. Users were given the opportunity to test out the new system. After successful completion of the test phase, the new system was brought on line in February of this year.

Figure 4.1.3: Managing Change and Innovation



HQDA Board of Examiners feedback on the above example:

The Trend Review and Analysis Model shown in Figure 4.1.1 presents a well thought out process to define, implement and monitor measurements systems on all reporting levels. The High Performance Measurement System archives all measurement data and analysis and makes it accessible as "read only" information to all employees at all levels making processes easy to assess by all management levels..

The 10th begins with a set of metrics to be monitored defined at the annual Strategic Planning Conference. Each item is linked to a Key Business Driver and a key process. Through out the year changes are made to the elements measured based on changing requirements as needed. This offers a highly flexible system that is continuously monitored and adjusted as needed.

The 10th ASG does in-depth research in finding similar organizations to use to compare and benchmark their performance. Directorate and key process owners identify competitors that provide like products and services on and off island or those who have earned "best in class" distinction. The 10th ASG has distinguished itself as a highly competitive organization as evidenced by the number of awards that have been earned by the 10th ASG or by organizations under its command. They have earned the Army Communities of Excellence Award (ACOE) the last two years, the ACOE for Excellence in Legal Assistance 3 out of the last 5 years, the DPW award for "Best in Pacific", and the U.S. forces Japan Installation Environmental Excellence Award, as well as awards earned by the SOD, and the 505th Quartermaster Battalion in the last 5 years.

Objectives, goals, and metrics to track them are established each year at the annual Strategic Planning Conference. These are entered into the High Performance Management System and made available to all employees. As the year progresses, and requirements are changed, the "Top Down/Bottom Up Information Flow" in Figure 4.1.2 is used to assess the system and make necessary adjustments to the programs and the system of measurements as directed by upper management.

Financial data is continuously collected and analyzed to monitor financial effectiveness. Though the budget has been drastically reduced, the 10th ASG has continued to meet and exceed operational performance standards. They achieved this by thorough strategic planning, increased economics and efficiencies, process improvement and ownership pride in their key processes.

The 10th ASG has a Trend Review and Analysis process that is continuous in analyzing and monitoring measurement data key to its overall performance.

The 10th ASG uses the HPMS which available throughout the Command to archive performance data. All personnel have read-only access to the data and key personnel are able to input data into the system.

The 10th ASG seems to have a top-down, bottoms-up flow of information, which enables it to have a *continuous review cycle of customer requirements, satisfaction against strategic goals, and continued relevancy of data measurements. Goals and processes are reviewed to assess whether the appropriate data is being tracked in the HPMS.*

The organization has a comprehensive and well-deployed system for performance measurement and review of trends. Chart 4.1.1 and explanation within the application is extensive and thoroughly meets the Item elements. Their process includes SPC, using their KBD and KPs, including SNS and climate survey data and benchmarking. The organization's use of HPMS to analyze and evaluate performance and report back to all stakeholders is a feedback system that is mature and managed.

The organization's information flow throughout the organization has maturity and depth inclusive of customer requirements, strategic goals, and relevancy to key measures of performance. Shortfalls are identified, changes in competitive environment are considered, superior performers are studied, and a change and innovation cycle is in place to act upon the information.

4.2 Information Management (50 pts.) [Approach-Deployment]

Describe how your organization ensures the quality and availability of needed data and information for employees, suppliers/partners, and customers.

Within your response, include answers to the following questions:

a. Data Availability and Quality

(1) How do you make needed data and information available? How do you make them accessible to employees, suppliers/partners, and customers, as appropriate?

(2) How do you ensure data integrity, reliability, accuracy, timeliness, security, and confidentiality?

(3) How do you keep your data and information availability mechanisms current with business needs and directions?

b. Hardware and Software Quality

(1) How do you ensure that hardware and software are reliable and user friendly?

(2) How do you keep your software and hardware systems current with business needs and directions?

Notes:

N1. Data availability (4.2a) is of growing importance as the Internet and e-business/e-commerce are used increasingly for Government-to-Government, Government-to-the-Public and Government-to-Business interactions and intranets become more important as a major source of organization-wide communications.

N2. Data and information access (4.2a(1)) might be via web based, electronic or other means.

N3. Because of the key nature of the data and information, they should be linked to the organization's operations, systems and processes described in the Organization Profile and Category 6.0.

4.2 Information Management

Purpose

This Item examines how your organization ensures the availability of high-quality, timely data and information for all your key users—employees, suppliers/partners, and customers.

Requirements

You are asked how you:

- make data and information available and accessible to your user communities;
- ensure that the data and information have all the characteristics your users expect: reliability, accuracy, timeliness, and appropriate levels of security and confidentiality;

- ensure that your hardware systems and software are reliable and user friendly so that access is facilitated and encouraged; and
- keep your data availability mechanisms, software, and hardware current with changing business needs and directions.

Comments

Managing information can require a significant commitment of resources as the sources of data and information grow dramatically. The expanding use of electronic information within organizations' operations, as part of organizational knowledge networks, from the Internet, and in Government-to-Government, Government-to-the-Public and Government-to-Business communications challenges organizational abilities to ensure reliability and availability in a user-friendly format.

Performance data and information are especially important in partnerships, alliances, and supply chains. Your responses to this Item should take into account this strategic use of data and information, and should recognize the need for rapid data validation and reliability assurance given the increasing use of electronic data transfer.

Example 4.2 (10th Area Support Group, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

4.2 Analysis of Organizational Performance. The realization that we must rely on a balanced variety of data to fully address the overall health of our organization is a key component and a critical success factor of our review, planning and continuous improvement processes.

4.2a(1) Use of Performance Analysis. Key staff members are responsible for ensuring that performance data collected for their key process measures is meaningful to the success of our organization. One example of this is customer satisfaction and customer needs assessment, such as: how well we are meeting customers' expectations; whether we are meeting our operational performance objectives; and how efficiently and cost effectively we operate. During monthly R&A meetings, the ESC, key staff, customers, and partners/suppliers meet to review performance data, including our current list of top priorities. The data is presented graphically using the chart function of a standard presentation software package. A trend is easily calculated and displayed for each measure, based on the comparative target we have set.

Another type of information that is meaningful to the success of our organization is our financial data. Despite a drastically reduced budget over the last year, we have continued to meet and exceed operational performance standards. We have achieved this level of performance by thorough strategic planning, increased economies and efficiencies, process improvement and ownership pride in our key processes.

Budget restrictions are an integral element of our strategic planning process. Since FY 94, our annual budget has decreased from $19 million to only $11 million for FY 99. We in the 10th ASG must therefore ensure that we execute our Strategic Plan as efficiently as possible and maximize cost avoidance opportunities.

Our exceptional work force morale, which is also key to our overall health, allows us to avoid costs normally required to defend against employee complaints, appeals, and grievances. This has a direct correlation to our operating costs. Because no formal disciplinary actions and no formal Equal Employment Opportunity (EEO) complaints were filed against the Command in FY 99, budgeted funding for this area has been transferred to procure new systems and implement projects that will improve efficiency in key processes. For example, at the end of the last fiscal year, the Commander was able to transfer funding to such projects as: information management technical training, ergonomics and equipment upgrade, and recreation facilities improvement projects.

Employee availability is a key factor in work force productivity. We consistently fall below the Army average for hours lost due to injury, both for military and civilian personnel (Figure 7.3.10). Sick leave usage is indicative of work force morale and productivity. We regularly fall below the Army and world-class averages for employee sick leave usage. Over the past four fiscal years, our average sick leave usage has been under 30 hours per employee annually (Figure 7.3.7).

Continual process review has enabled us to improve our success rate in obtaining outside funding for projects. A DPW action team identified that our requests for outside funding lacked certain justification data. DPW implemented an application review process to ensure funding requests included all necessary variables. We have since seen a dramatic rise in the approval rate of funding requests submitted to the Defense Logistics

Agency and the Government of Japan's Facilities Improvement Program.

During monthly R&A and staff meetings, we analyze current data to identify short-term needs and assess our progress in realizing stretch goals. The Commander uses this opportunity to realign priorities and emphasize current and future operational needs. During support operations for Reserve units deployed on Okinawa, for example, personnel and resources must be reallocated from various directorates.

4.2a(2) Linking Results of Analysis. The same "top down / bottom up information flow" process (Figure 4.1.2) which enables a continuous review of requirements, goals and approach is the process which ensures analysis results are communicated and understood at all levels of the organization. As reviews and staff calls are held at various levels throughout the organization, analysis results are communicated. In fact, it is at the reviews conducted at the mid to lower levels of the organization that the need for a particular analysis or correlation is most likely identified. It is then raised to higher levels of the organization. As key staff within directorates assesses progress and well being of key processes in their respective areas, measurement data is readily available to assist with any "cause/effect" or correlation analysis.

To ensure that new employees of the organization understand the goals of the organization and the reasoning behind current initiatives, our continuous improvement process is a vital element of our Headstart training program. This combined with in-processing briefings conducted within directorates and work sections ensures every team member understands their role and impact to the organization (Figure 7.3.19). Also, there is on-line training available to employees, within the HPMS, to give a thorough understanding of our quality initiatives, strategic plan, and customer service.

An example of the effective use of the results of our comprehensive analysis was a need to upgrade the organizations Local Area Network (LAN)/Wide Area Network (WAN) used to support all of our Information Management initiatives. Our analysis indicated that users were rapidly approaching the maximum capability of our existing LAN/WAN. In addition, surveys revealed that users desired a more robust network with a greater bandwidth capacity. As a result, we established a modernization plan that addressed the priorities of network upgrades that were identified by our user community. Since implementing our plan, all WAN circuits are now operating at a minimum of 384 Kilobits per second (Kbps) as compared to 56 Kbps a year ago. Additionally, we set in to motion a Departmental LAN (DLAN) infrastructure upgrade that has provided a 100 Mega bits per second (Mbps) or higher data transmission medium to the user level at Torii Station, Fort Buckner and our Chibana compound. We anticipate the completion of our DLAN project by the end of FY 00. To safeguard digitally stored data against corruption resulting from power disruptions and electronic viruses, we implemented an innovative, enterprise-wide, tape backup system. Our next major Improved Technology (IT) milestone is the deployment of Asynchronous Transfer Mode (ATM) switches that will use our backbone WAN to provide inter-base connectivity at 50-620 Mbps. This initiative, planned for FY01, will provide our organization with an exceptional data transmission capability. This capability will allow software applications that require large data, voice, or video bandwidth requirements to operate smoothly. During the same period, we also anticipate the "hardening" of our current file servers by installing Continuity of Operations (COOP) file servers and consolidating existing network servers into one location for improved management and support. These improvement actions will further enhance our on-line servers. The above improvements provide our service base stakeholders with, essentially, zero downtime (lost work hours) due to unforeseen equipment failures. To provide a standardized platform for messaging services, we have fielded the Defense Messaging System (DMS). We anticipate full transition to DMS by Headquarters, Department of the Army (HQDA) and the Department of Defense (DoD) during FY01. DMS has provided our service base stakeholders with unsurpassed electronic mail services that are in complete compliance with DA and DoD directives. All requirements and initiatives mentioned above have came to life through effective analysis and planning at all levels.

4.2a(3) Use of Analysis to Support Daily Operations. Continuing within the "top down/bottom up information flow", key staff members discuss results and recommendations with the appropriate members of their work sections. This flow of analysis and results ensures a coordinated effort and a joint understanding of actions to be implemented. The result of this process is that action plans developed at the directorate and work section level are selected, evaluated and implemented based on overall organization goals and priorities.

Participation in monthly R&A, weekly Command and Staff Meetings, and daily contact provides our key customers and suppliers and partners invaluable insights into our organization's structure, priorities, and capabilities. The suppliers and partners who do not attend the R&A or staff meetings regularly meet with senior leadership and staff sections. We also maintain written agreements and or contracts with each of our suppliers and partners that identify all services and products to be provided, and standards that are to be met. As we consider analysis results and review our objectives, we address the impact of factors affecting establishing priorities for existing and new objectives. One such example was DPW's analysis and conclusion that long delivery time of materials was impacting the time to complete work orders. As a result, the Supply Division of DPW partnered with sister services on Okinawa to initiate a Prime Vendor contract. The resulting benefits are; more expedient delivery of Continental United States (CONUS) materials, a larger selection of product suppliers, and less expensive goods ordered and received within 45 days. In addition, supply estimators spend less time researching material quotes and which directly impact efficiency.

Another example of our use of analysis to support daily operations was the Maintenance Division's correlation of excessive corrosion to decreased life cycle of military vehicles. As a result, we adopted a new corrosion control program to decrease adverse effects of corrosion on vehicles and equipment. The new method is an application of a unique blend of rust inhibitors to control corrosion on all metals. This eliminates moisture containing salt, dirt and air pollutants from the surface of metal. It also lubricates moving parts and penetrates through existing rust. Theater Army Area Command and the U.S. Army Pacific Science Advisor have endorsed the product. It survived three years of laboratory, and controlled exposure tests at Cape Canaveral and field evaluation in Hawaii and showed well above a thirty percent improvement in corrosion life over that of existing materials and processes. The result is an increase in readiness by introduction of new technology to reduce downtime and maintenance.

By maintaining close ties with our community and continuously analyzing our performance, we can confidently assert that we live up to our pledge of "Service Through Support."

HQDA Board of Examiners feedback on the above example:

Key staff members are responsible for ensuring that performance data collected for their key process measures is meaningful to the success of our organization. Performance is available on the High Performance Management System. Monthly reviews are held by key staff members, customers, and partners/suppliers to discuss performance trends and appropriate adjustments to programs. Monitoring of key measurements has enabled the 10th ASG to redirect funds not being used in other areas such are disciplinary actions, EEO complaints, sick leave and lost time accidents to recreation, equipment, management information system upgrades ergonomics and training.

The same "top down/bottom up information flow" model used by the 10th ASG to link functional-level reporting to organization-level analysis. Specific analysis or correlation are identified and tracked at lower and mid-management levels insuring that this data will be available to the detail needed for higher level analysis.

The "top down/bottom up information flow" model is also a valuable tool to support the sharing of information and analysis to support daily operations. In addition to data and analysis being available on the HPMS, meetings at all management levels are conduits to reinforce strategic objects down the communication chain. The result of this process is that action plans developed at the work section level are selected, evaluated and implemented based on overall organization goals. Samples of success include the improvement of delivery time of CONUS shipments to Okinawa through partnering with sister services to initiate a Prime Vendor contract, and the initiation of the corrosion control program to extend the life cycle of military vehicles.

Since there have been no formal disciplinary actions and no formal EEO complaints filed against the Command, the 10th ASG was able to transfer funding for this are to procure new systems and implement projects such as information management technical training, ergonomics and equipment upgrade, and recreation facilities improvement projects. Additionally the 10th ASG consistently falls below the Army average for hours lost due to injury and sick leave.

10th ASG has a mature, well-deployed and vital system for linking results of analysis to improved business and directional adjustment. They have incorporated technology and electronic methods of analysis to their performance data in both strategic and operational levels of the organization. R&As and staff meetings enhance the "real time" aspect of their data analysis and application to provide stakeholders with cause-and-effect correlations, priority setting tools, financial cost analysis, and assists the organization with decision-making and management-by-fact.

5.0 Human Resource Focus (95 pts.)

The **Human Resource Focus Category** examines how your organization motivates and enables employees to develop and utilize their full potential in alignment with your organization's overall objectives and action plans. Also examined are your organization's efforts to build and maintain a work environment and an employee support climate conducive to performance excellence, full participation, and personal and organizational growth. The efforts may include partnership with unions and contractors, as applicable.

5.1 Work Systems (35 pts.) [Approach-Deployment]

Describe how your organization's work and jobs, compensation, career progression, recognition, and related work force practices motivate and enable employees to achieve high performance.

Within your response, include answers to the following questions:

a. Work Systems

(1) How do you design, organize, and manage work and jobs to promote cooperation, initiative/innovation, your organizational culture, and the flexibility to keep current with business needs? How do you achieve effective communication and knowledge/skill sharing across work units, jobs, and locations, as appropriate?

(2) How do you motivate employees to develop and utilize their full potential? Include formal and/or informal mechanisms you use to help employees attain job- and career-related development/learning objectives and the role of managers and supervisors in helping employees attain these objectives.

(3) How does your employee performance management system, including feedback to employees, support high performance and a customer and business focus? How do your compensation, recognition, and related reward/incentive practices reinforce these objectives?

(4) How do you accomplish effective succession planning for senior leadership and throughout the organization?

(5) How do you identify characteristics and skills needed by potential employees? How do you recruit, hire, and retain new employees? How do your work systems capitalize on the diverse ideas, cultures, and thinking of the communities with which you interact (your employee hiring and customer communities)?

Notes:

N1. The term "employees" refers to your organization's permanent, temporary, and part-time personnel, as well as any contract employees supervised by your organization. Employees include managers and supervisors at all levels. Contract employees supervised by a contractor performing key or support processes should be addressed in Item 6.3.

N2. "Your organization's work" refers to how employees are organized and/or organize themselves in formal and informal, temporary, or longer-term units. This might include work teams, process teams, customer action teams, problem-solving teams, centers of excellence, functional units, cross-functional teams, and organizational units that are self-managed or managed by supervisors. "Job" refers to responsibilities, authorities, and tasks assigned to individuals. In some work systems jobs might be shared by a team. If applicable, describe the use of cross-training, or cross-utilization.

N3. *Design of work should support action plans (2.a(1)). It might include work redesign that contributes to the achievement of the organization's strategic objectives and action plans or meets new requirements created by changing strategic directions or business environment.*

N4. Compensation and recognition include promotions and bonuses that might be based upon performance, skills acquired, and other factors. Recognition can take the form of monetary and non-monetary, formal and informal, and individual and group mechanisms.

N5. Succession planning (5.1a(4)) efforts may include training, internship, coaching and mentoring to develop future leaders to sustain continued organization development and success.

5.0 Human Resources

Item Descriptions

Human Resource Focus addresses key human resource practices – those directed toward creating a high performance workplace and toward developing employees to enable them and the organization to adapt to change. The Category covers human resource development and management requirements in an integrated way, aligned with the organization's strategic directions. Included in the focus on human resources is a focus on the work environment and the employee support climate.

To ensure the basic alignment of human resource management with overall strategy, the Criteria also include human resource planning as part of organizational planning in the Strategic Planning Category.

5.1 Work Systems

Purpose

This Item examines your organization's systems for work and jobs, compensation, employee performance management, motivation, recognition, communication, and hiring, with the aim of enabling and encouraging all employees to contribute effectively and to the best of their ability. These systems are intended to foster high performance, to result in individual and organizational learning, and to enable adaptation to change.

Requirements

You are asked how:

- you design, organize and manage work and jobs to promote cooperation, initiative, innovation, and flexibility;
- you achieve effective communication and knowledge/skill sharing;
- your managers and supervisors motivate employees to develop and utilize their full potential and allow employees to exercise discretion. Include the mechanisms you use to attain job- and career-related learning objectives;
- your employee performance management system, including feedback to employees, supports high performance and a customer/business focus. This should include how compensation, recognition, and related practices reinforce these objectives;
- you accomplish effective succession planning for senior leadership and others; and
- you identify the capabilities needed by potential employees and how you recruit, hire, and retain new employees. Your considerations should include the ability of your work system to benefit from the diverse ideas and cultures of your communities.

Comments

High performance work is characterized by flexibility, innovation, knowledge and skill sharing, alignment with organizational objectives, customer focus, and rapid response to changing business needs and requirements of the marketplace or mission environment. The focus of this Item is on a work force capable of achieving high performance. In addition to the enabled employees and proper work system design, high performance work requires ongoing education and training, and information systems that ensure proper information flow. To help employees realize their full potential, many organizations use individual development plans developed with each employee that addresses his/her career and learning objectives.

Work and job factors for your consideration include simplification of job classifications, cross training, job rotation, use of teams (including self-directed teams), and changes in work layout and location. Also important is effective communication across functions and work units to ensure a focus on customer requirements and to ensure an environment with trust, knowledge sharing and mutual respect.

Compensation and recognition systems should be matched to your work systems. To be effective, compensation and recognition might be tied to demonstrated skills and/or to peer evaluations.

Compensation and recognition approaches also might include gain sharing, rewarding exemplary team or unit performance, and linkage to customer satisfaction and loyalty measures or other business objectives.

The requirements of high-performance work, coupled with the challenges of tight labor markets, necessitate more attention to succession planning and hiring profiles. This should include and capitalize on diversity factors.

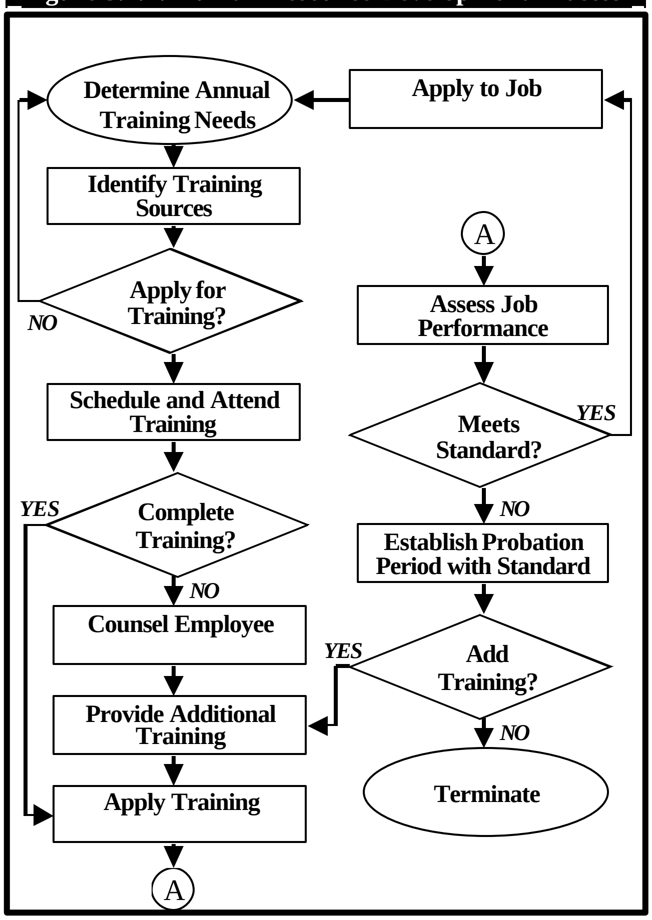
Example 5.1 (10th Area Support Group, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

5. 0 HUMAN RESOURCE FOCUS

5.1/5.1a(1) Work Systems and Job and Work Designs. Two of our Key Business Drivers (KBD), see in Figure 0.6, call for us to "increase productivity through job satisfaction and a motivated work force" and "optimize use of resources to meet or exceed customer requirements". Both of these KBDs reflect our organization's human resource focus. We have developed a Human Resource Plan, which integrates our work force into the command's organizational goals and objectives.

Figure 5.1.1: Human Resource Development Process



We have a diverse work force that consists of soldiers, Department of the Army Civilians (DACs), and Japanese National work force (JN work force). With the recent implementation of the new Human Resource Plan (HRP), managers and employees were encouraged to examine current work and job designs to ensure they were meeting current organizational and customer needs as well as employee career plans. Figure 5.1.1 depicts our Human Resource Development Process.

We structure our job and work designs to support our key processes and services. Continual personnel reductions in our command and throughout U.S. Army Pacific (USARPAC) have made effective and efficient job designs and work processes a critical factor. Managers at the directorate level are empowered to develop and implement job and work designs for their personnel. We encourage employee involvement in this process to ensure that changes to job and work designs are tailored to customer requirements. Total Army Quality (TAQ) training provides employees with the theory and impetus for improving work design and enhancing collaboration and cooperation among employees (Figure 7.1.2). For example, our Soldier Readiness Processing Team is a work group, which consists of members from several different staff elements. This team provides support to units to prepare them for deployment. The team is a self-directed work group responsible for ensuring that customer service is provided based on changing customer needs.

Our flexible work schedules allow employees to adjust hours of operation to meet customer needs, job designs and work requirements. The Commander's TAQ philosophy addresses employee empowerment and continuous process improvement, which provides one of the tools needed to implement, identified improvements within work systems.

Additionally, we use Customer Feedback to examine the need for change to work processes and to provide customer convenience. Our command customer comment cards and satisfaction surveys provide feedback and assess changing customer, operational, and organizational requirements. Managers discuss the results of customer surveys with Subject Matter Experts (SMEs), and when applicable, adjust work processes to accommodate customer needs.

5.1a(2) Encouraging Employees to Use Their Full Potential. Employees are encouraged during mandatory counseling sessions to establish job, career, and learning objectives.

We support attendance in formal functional training, workshops, and off-duty education. Individuals can be granted flexible work schedules as necessary to attend continuing education classes. Unit training funds are authorized for the payment of tuition in college courses related to the employees' duty requirements. Undergraduate and graduate-level college courses; flexible course schedules and a diverse array of programs of instruction are available to our community members during lunch hours, evenings and weekends. (Figures 7.2.16, 7.3.20).

Our "Management by Walking Around" approach to leadership enables employees to communicate directly with our senior leaders on a daily basis.

5.1a(3) Supporting High Performance through Our Employee Management System. Our employee performance management system within our HRP is linked directly to our organizational mission, vision, goals, and objectives. Linking performance to objectives reinforces high performance among employees and maximizes our resources. Supervisors use our KBDs and strategic goals during counseling sessions to ensure new and established employees understand the organization's management principles. Employees are evaluated on how well they performed during the rating period as related to organizational goals, objectives, and customer service. When submitting performance award recommendations, supervisors are required to submit the award narrative in a manner that links the individual's contributions to the organization's goals and objectives.

5.1a(4) Compensation and Recognition Reinforces High Performance. Our goal of "providing a command climate where improvement and innovation are recognized and rewarded" reflects our commitment to a work environment conducive to excellence and employee creativity. Our awards programs serve to reinforce exceptional employee performance and initiative in meeting organizational goals and objectives. Our HRP ensures our awards recognition program is tied to our organizational goals and objectives (Figure 2.2.1). In the recognition process, managers must identify how employee effort contributes to the accomplishment of our mission, providing consistent reinforcement of our organizational goals and objectives to all levels of our work force.

Our Commander presents all awards to employees and teams during monthly awards ceremonies. We regularly present Commander's Certificates of Achievement for exceptional efforts to individuals and teams. Our public recognition and presentations of certificates, cash awards, time-off awards, service longevity awards, and other awards and distinctions reinforce positive achievements and contributions to the organizational goals. The Commander and Command Sergeant Major make on-the-spot presentations of "10th Area Support Group Coins" to deserving employees, in the presence of their peers, for extraordinary service and performance. We ensure deserving soldiers receive end of tour awards prior to departing our command (Figure 7.3.17).

We have two competitive boards to further recognize distinguished employees: a Soldier of the Quarter and Year program and DAC and JN work force of the Quarter and Year program. During the board proceedings, we recognize employees who have excelled above their peers during the previous quarter/year. Incentives for these competitions include time-off, certificates of achievement, and publicity. Photographs of the winners are posted prominently in our headquarters building.

We consistently recognize DAC employees who perform exceptionally. Our goal is to recognize at least 50% of our DACs with cash awards annually. We have consistently exceeded that goal by awarding over 67% of our DACs with cash awards since FY 94 (Figure 7.3.5).

The Government of Japan (GOJ) provides funding that allows for 10-15% of our JN work force to receive monetary awards (15-35% of their salary for a Superior Performance award and up to $250 for a Special Act or Service award). For the past two years, we have consistently expended all award money allocated by the GOJ to our very deserving JN work force (Figure 7.3.6). Over 15% of our JN work force received cash awards from FY 96 – FY 99. Tools to provide performance recognition are described in Figure 5.1.2.

Figure 5.1.2: Performance Recognition Tools				
	Military	DAC	JN	Teams / Units
Time-Off Awards	x	x	x	x
Service/Achv Medals	x	x	x	x
Certificates	x	x	x	x
10th ASG Coins	x	x	x	x
External programs	x	x	x	x
Suggestion Awards	x	x	x	
Performance Evaluations	x	x		
Grade Step Increases		x		
Monetary Awards	x	x	x	

We rely on our volunteer staff to handle some of our personnel short falls. We have over 700 registered volunteers, who saved us over $50,000 in labor costs last year. Annually, we host a Volunteer Recognition Dinner to show our appreciation of their hard work and dedication. Without our loyal volunteers, many of our Army Family Programs would be nonexistent.

5.1a(5) Effective Communications and Skill Sharing. To offset the continual reductions to our DAC, JN work force and military work force, we cross-train our employees, allowing us to maximize our mission capabilities and enhance teamwork in our functional areas. Our employees benefit from this experience through career progression, reaching their established professional training goals, obtaining promotions, and increasing their marketable skills. All of these benefits relate to job security, which, in turn, equate to a happier, more productive work force. The command benefits because the increased expertise and experience complement the total work force.

Our sharing in skills across work functions has resulted in many instances of internal collaboration across work units, functions, and locations. We employ the "train-the-trainer concept; when employees return from temporary duty travel (TDY), they are encouraged to train others on what they have learned. Employees are required to provide a Trip Report that outlines learning objectives and lessons learned which is distributed to other staff sections and units.

We have reenergized our Suggestion Program and incorporated it into our HRP. This program provides incentive to employees to submit ideas, which accomplish a job better, faster, and cheaper, improve operations; conserve resources; or improve working conditions, morale or services within the organization.

We capitalize on our weekly Command and Staff Meetings as a tool to ensure effective communication with our work force. During these staff meetings, senior leaders, staff elements, key customers, and Army partners discuss external and internal requirements. Twice per month, the staff meeting includes all Army on Okinawa unit commanders to ensure leaders at the highest levels are informed and involved.

During monthly Review & Analysis (R&A) meetings, senior leaders, key customers, and partners discuss current performance data and upcoming requirements, missions, and activities. Implementation of High Performance Management System (HPMS) has enhanced information flow and allows employees and managers to access and review graphically 10th ASG's organizational performance data, project status, policies, and trends. This effective combination of teamwork, communication and automated data reference allows a seamless shift from data review to action planning and implementation. Our "Great Ideas" directory under HPMS also allows information to be passed to work sections and units at different locations. This has enhanced our ability to communicate successes among all members of the organization and to include several of our partners and suppliers.

We launched our Intranet this year, which provides a central repository for directorates/units to post information that is of interest to members of the command.

5.1a(6) Recruit New Employees. We have recently stood-up a Civilian Personnel Advisory Center (CPAC) on Torii Station to provide on-site assistance to supervisors and employees. Our managers identify key characteristics and skills needed for position vacancies based on identifying and reviewing required job tasks. This information is transmitted to the Civilian Personnel Operations Center, Alaska, via the Internet, which allows managers to communicate job requirements for position vacancies (Figure 7.3.9).

Our Merit Promotion Plan ensures that all eligible personnel are considered for promotion based on tenure and qualifications for the position. To ensure equity in fair work force practices, the Affirmative Action Plan has recently been modified to include a review of past and current hiring practices and equity of awards distribution among the different ethnic groups.

HQDA Board of Examiners feedback on the above example:

The 10th ASG has recently adopted a Human Resource Plan (HRP) that integrates the workforce into the organizational goals and objectives. Managers on the work level are empowered to develop work designs for their personnel using the Human Resource Development Process as a guide to assess work performance, training requirements, and opportunities to use new skills in the workplace. The 10th ASG is a service organization so customer feedback is used to adjust schedules and work processes to accommodate customer. Additionally, TAQ training is provided to employees to ensure that work designs are improved and collaboration and cooperation is enhanced.

Employees are encouraged to pursue educational and training and are granted flexibility to take advantage of these opportunities. Results in criteria 7.3 show the success of the 10th ASG in encouraging all employees to attend training. (Figures: 7.3.3, 7.3.4, 7.3.8, 7.3.20, 7.3.21, 7.3.22, and 7.3.23)

The Human Resource Plan requires that employees be evaluated on duties linked directly to the organizational mission, vision, goals and objectives. Only people who demonstrate superior performance related to organizational goals, objectives, and customer service are awarded performance awards. Performance awards were given to all three employee groups (Soldiers, DA Civilians and Japanese Nationals) at or above the Command goal. (Figures 7.3.5, 7.3.6, 7.3.17)

The 10th ASG has a system of communication modes to promote cooperation and knowledge sharing across work units, functions, and locations to include cross-training, train-the-trainer program, the Suggestion Program, periodic staff meetings and reviews at all levels, functions, and stakeholder populations, and the Great Ideas Program. Posting information on the HPMS and the soon to be launched Intranet also facilitate information exchange.

The HPMS allows employees and managers to access and review information concerning the 10th ASG's organizational performance data, project status, policies, and trends. The "Great Ideas" directory allows information to be passed to work sections and units at different locations.

The ASG award system is tied to their organizational goals and objective. Managers must identify how an employee contributes to mission accomplishment as part of the award process

5.2 Employee Education, Training, and Development (30 pts.) [Approach-Deployment]

Describe how your organization's education and training support the achievement of your business objectives, including building employee knowledge, skills, and capabilities, and contributing to high performance.

Within your response, include answers to the following questions:

a. Employee Education, Training, and Development

(1) How do education and training contribute to the achievement of your action plans? How does your education and training approach balance short- and longer-term organizational objectives and employee needs, including development, learning, and career progression?

(2) How do you design education and training to meet current and future business and individual needs?

(3) How do you seek and use input from employees and their supervisors/managers on education and training needs and delivery options?

(4) How do you address in your employee education, training, and development your key organizational needs associated with technological change, management/leadership development, new employee orientation, safety, performance measurement/improvement, and diversity?

(5) How do you address key developmental and training needs, including diversity training, management/leadership development, new employee orientation, and safety, as appropriate?

(6) How do you address performance excellence in your education and training? Include how employees learn to use performance measurements, performance standards, skill standards, performance improvement, quality control methods, and benchmarking, as appropriate.

(7) How do you reinforce knowledge and skills on the job?

Notes:

N1. Technological change (5.2a(3)) might include computer and Internet literacy.

N2. Education and training address the knowledge, skills, and abilities employees need to meet their current and projected work performance and career development objectives.

N3. Education and training delivery (5.2a(4)) might occur inside or outside the organization and involve on-the-job, classroom, computer-based, distance learning, and/or other types of delivery (formal or informal).

N4. Evaluation of training (5.2a(4)) might include cost/benefits of education and training; most effective means and timing for training delivery; and effectiveness of cross training or cross-utilization.

5.2 Employee Education, Training, and Development

Purpose

This Item examines your organization's work force education, training, and on-the-job reinforcement of knowledge and skills, with the aim of meeting ongoing needs of employees and a high performance workplace.

Requirements

You are asked:

- how education and training are designed, delivered, reinforced on the job, and evaluated, with special emphasis placed on meeting individual career progression and organizational business needs;
- how you consider job and organizational performance in education and training design and evaluation in support of a fact-based management system;
- how employees and their supervisors participate in the needs determination, design, and evaluation of education and training, because these individuals frequently are best able to identify critical needs and evaluate success;
- how employees and supervisors use performance measures and standards to ensure performance excellence in education and training; and
- about your organization's key developmental and training needs, including such high priority needs as management/leadership development, diversity training, and safety. Succession planning and leadership development, at all levels in increasingly diverse organizations, present a growing challenge and need.

Comments

Depending on the nature of your organization's work and employees' responsibilities and stage of organizational and personal development, education and training needs might vary greatly. These needs might include knowledge sharing skills, communications, teamwork, problem solving, interpreting and using data, meeting customer requirements, process analysis and simplification, waste and cycle time reduction, and priority setting based on strategic alignment or cost/benefit analysis. Education needs also might include basic skills, such as reading, writing, language, and arithmetic. Education and training delivery might occur inside or outside your organization and could involve on-the-job, classroom, computer-based, distance learning, or other types of delivery. Training also might occur through developmental assignments within or outside your organization.

When you evaluate education and training, you should seek effectiveness measures as a critical component of evaluation. Such measures might address impact on individual, unit, and organizational performance, impact on customer-related performance, and cost/benefit analysis of the training.

Although this Item does not specifically ask you about training for customer contact employees, such training is increasingly important and common. It frequently includes acquiring critical knowledge and skills with respect to your products, services, and customers; skills on how to listen to customers; recovery from problems or failures; and learning how to effectively manage customer expectations.

Example 5.2 (United States Army Garrison, Fort McPherson, self-assessment for 2001 PQA Application)

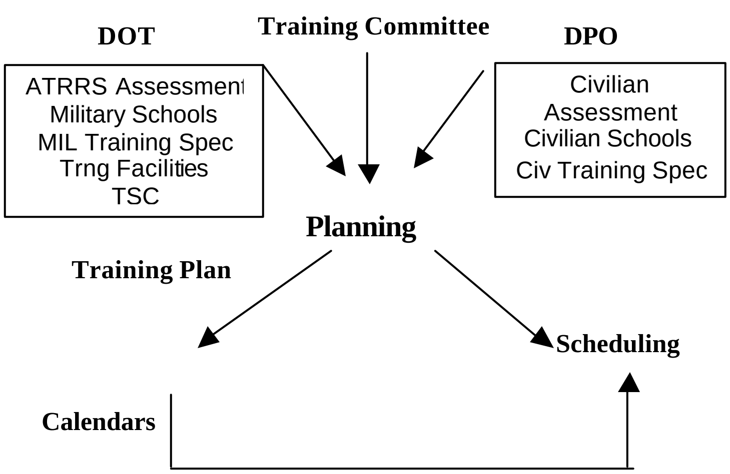
Shows only a technique for assessment. This example does not represent a 100% Score:

5.2a Employee Education, Training and Development

5.2 a(1) Educating and training the work force is a strategic performance objective in support of key business process number three **(Overview, Figure 0.2**) (NOT SHOWN). The key requirements are periodic career counseling and professional growth opportunities.

The Operations and Training Service Center is our primary proponent for education and training of the work force with support from the Community Activities Service Center which manages the Education Center and the Personnel Operations Service Center which administers both our Military and civilian personnel systems. A training committee, composed of cross-functional members representing all activities, is the key element for administering work force training **(Figure 5.2.1**).

INSTALLATION TRAINING MANAGEMENT



It is this training committee that conducts our annual training needs survey to identify organizational and work force training needs for the next fiscal year. Working under the general supervision of the co-chairs, the Director of Operations and Training and the Director of Personnel Operations, the committee analyzes training needs for validity, cost, feasibility and sources of training.

Supervisors and employees discuss individual training needs for self-development, new missions and current job enhancements during performance counseling sessions. Directors and their managers prioritize these needs based on their criticality. Funds are allocated within each organization based on these priorities and funds are projected annually in the Command Budget Estimate (CBE).

Fort McPherson is in the process of a developing a draft Human Resource Plan. The Resource Management Service Center is sponsoring the effort using a Garrison employee on a developmental assignment to FORSCOM DCSRM who will write and coordinate the plan. This plan will be linked to the Garrison mission, vision and goals. The Directors of Personnel Operations, Resource Management and Operations Training and a union representative will act as decision-makers with the Commander as final approval. We will measure our results through our Garrison Morale Survey.

Long term organizational and employee training requirements are captured by our higher headquarters and supporting federal agencies. Referred to as the TACITS, the Office of Personnel Management (OPM) conducts a two year training needs survey to identify long range training needs of soldiers and civilian employees.

Reacting to heightened emphasis on the need to train our workforce to meet future employee and organizational requirements. The proponents (OTSC/POSC/CASC) developed and deployed our Training Operations Plan 25-99. This plan focuses on key business process three and supports the Garrison Commander's concept of operations found in our Strategic Business Plan.

(2,3,4) For our military work force, leaders conduct and arrange for occupational specialty training. Specific training is identified in OERs and NCOERs and during counseling sessions. Our civilian employee system uses a similar approach with their supervisor by identifying long-term and short-term training goals to reach goals, using counseling sessions and an annual training needs survey. Results are documented as Individual Development Plans (IDP) in their TAPES documentation.

We evaluate training upon completion by using course evaluations of the employee satisfaction, lessons learned and improvements are discussed for future training opportunities and continuous improvements.

Before the training committee was established, installation training was fragmented and uncoordinated. Training was procured through different vendors on a one on one basis by 18 different Garrison managers. Under our new process, a uniform approach is in place to identify collective needs. Now we can often take advantage of group training at considerable savings, sometimes offering excess training quotas on a reimbursable basis to our tenant activities and/or other Army installations, further reducing the cost to the Garrison.

Electronic government initiatives are also encouraged to meet training needs. A fully operational Distance Learning Center is being established on site to save overhead and travel costs associated with training. Also in the works is an employee friendly computer based training proposal that will allow the work force to train from their work site or even their home.

Many of our Service Center and special staff managers conduct functional, customer service and human relations training one afternoon per week. Training is also available on the Garrison closed circuit television station, *Channel 6*. Sets are conveniently located in work areas throughout the Garrison so group training can be scheduled (with minimum lost time and no cost) at the work site.

(5) The Garrison Commander personally greets incoming personnel during our monthly newcomers' orientation hosted by the CASC. He hands out cards detailing the Garrison's vision, mission and goals, explains them and fields questions and encourages the attendees to use our many customer feedback systems. His emphasis is on the importance of the voice of the customer.

Representatives from all Garrison service providing activities brief the attendees. Civilian employees are provided a handbook that outlines procedures to be followed for sick and annual leave, suggested work attire and available services for assistance in employment related matters. All attendees are presented handouts with points of contact and telephone numbers for personal and family member assistance concerning physical and mental health issues, finances and other support services.

Soldiers and civilian employees are required to submit feedback on all training and awareness classes conducted by both on-post and off-post sources. They may use either Customer Comment Cards or specially tailored feedback form employed by the training source. Supervisors use this feedback to rate the training's effectiveness. If the training was mission related, the supervisor evaluates the training using the employee's ability to apply the skills covered in the training. In some instances, the supervisor evaluates the employee's behavior in relationship to his or her working environment. The training committee uses feedback to validate the effectiveness of the training source.

Our leadership emphasizes diversity training for our soldiers and civilian employees. As a direct result of the negative publicity associated with incidents of sexual harassment, with racial overtones, at two U.S. military installations in 1998, increased preventive sensitivity and awareness training has been conducted for all our military and civilian employees Our Director of Operations Training Support Center (OTSC) has been selected to attend War College July 00. This training will develop and enhance the Director's leadership, teaching, learning techniques and problem solving skills.

(6) In 1993, the TAQ movement began in earnest at Fort McPherson. Initially, TAQ training was conducted by higher headquarters experts for all Garrison leaders, managers and supervisors. These classes were 40 hours in length and covered the basic TAQ concepts. Topics covered were the need for change, how to change, breaking down culture barriers to change and the various tools needed to make the quality journey. Today, Garrison supervisors implement TAQ among the employees in their work centers, supported by trained Quality Specialists in the Management Services Division of the Resource Management Service Center.

Working with these in-house experts, the supervisors conducted training for the front line service providers. Through this training, strategic performance objectives and measures in support of the Garrison Commanders, six business goals were successfully developed and deployed at the service provider level. All Garrison employees understand the importance of trend data, comparative data and benchmarking against the best in class. This training and understanding was of particular importance as employees assisted in the development of CA Most Efficient Organizations (MEO).

(7) Knowledge and skills on the job are reinforced through recognition of superior performance by awards, positive counseling, mentoring and performance appraisals. Knowledge and skills are further reinforced on the job through customer feedback. Often, when positive and helpful referrals and assistance are provided, customers show their appreciation by providing favorable comments. We encourage our customers to do this.

HQDA Board of Examiners feedback on the above example:

The organization addresses performance quality in training and education by requiring all employees to submit feedback on all training classes taken. In addition, mission related training is evaluated by reviewing the employee's ability to apply the skills covered in training. In some instances, the supervisor evaluates the employee's behavior in relationship to his or her working environment. The correlation of training to on-the-job performance ensures that training effectiveness is reviewed in a meaningful manner and helps to ensure that training is achieving the desired objectives.

The organization uses a training committee composed of cross-functional members representing all activities to discuss and address development, learning, and training. The committee facilitates the training process through annually analyzing organizational training needs based on validity, cost, feasibility, and sources of training with feedback from managers and supervisors. The committee also identifies collective needs, enabling the applicant to offer group training at discounted rates and to share excess quotas on a reimbursable basis with tenant activities. This indicates a comprehensive method for managing this area of importance that impacts the breadth of the organization.

Many of the applicant's Service Center and special staff managers conduct functional, customer service, and human relations training one afternoon per week. This demonstrates the commitment of the organization's supervisors to these areas and serves as a positive demonstration of reinforcing the organization's emphasis on these issues.

5.3 Employee Well being and Satisfaction (30 pts.) [Approach-Deployment]

Describe how your organization maintains a work environment and an employee support climate that contribute to the well-being, satisfaction, and motivation of all employees.

Within your response, include answers to the following questions:

a. Work Environment

How do you improve workplace health, safety, and ergonomics? How do employees take part in improving them? Include performance measures and/or targets for each key environmental factor. Also include significant differences, if any, based on varying work environments for employee groups and/or work units.

b. Employee Support Climate

(1) How do you determine the key factors that affect employee well-being, satisfaction, and motivation? How are these factors segmented for a diverse workforce and for varying categories and types of employees, as appropriate?

(2) How do you support your employees via services, benefits, and policies? How are these tailored to the needs of a diverse workforce and different categories and types of employees, as appropriate?

(3) What formal and/or informal assessment methods and measures do you use to determine employee well-being, satisfaction, and motivation? How do you tailor these methods and measures to a diverse workforce and to different categories and types of employees, as appropriate? How do you use other indicators, such as employee retention, absenteeism, grievances, safety, and productivity, to assess and improve employee well-being, satisfaction, and motivation?

(4) How do you relate assessment findings to key business results to identify priorities for improving the work environment and employee support climate?

Notes:

N1. Specific factors that might affect your employees' well-being, satisfaction, and motivation (5.3b(1)) include effective employee problem or grievance resolution; safety factors; employees' views of management; employee training, development, and career opportunities; employee preparation for changes in technology or the work organization; the work environment and other work conditions; management's empowerment of employees; information sharing by management; workload; cooperation and teamwork; recognition; services and benefits; communications; job security; compensation; and equal opportunity.

N2. Approaches for employee support (5.3b(2)) might include providing counseling, career development and employability services, recreational or cultural activities, nonwork-related education, day care, job rotation or sharing, special leave for family responsibilities or community service, home safety training, flexible work hours and location, outplacement, and retirement benefits (including extended health care).

N3 Measures/indicators of well-being, satisfaction, and motivation (5.3b(3)) might include data on safety and absenteeism, the overall turnover rate, the turnover rate for customer contact employees, employees' charitable contributions, grievances, strikes, other job actions, insurance costs, worker's compensation claims, and results of surveys. Survey indicators of satisfaction might include employee knowledge of job roles, employee knowledge of organizational direction, and employee perception of empowerment and information sharing. Your results relative to such measures/indicators should be reported in Item 7.3.

N4. Setting priorities (5.3b(4)) might draw upon your human resource results presented in Item 7.3 and might involve addressing employee problems based on their impact to your organizational performance.

5.3 Employee Well being and Satisfaction

Purpose

This Item examines your organization's work environment, your employee support climate, and how you determine employee satisfaction, with the aim of fostering the well being, satisfaction, and motivation of all employees, recognizing their diverse needs.

Requirements

You are asked:

- how you ensure a safe and healthful work environment for all employees, taking into account their differing work environments and associated requirements. Special emphasis is placed on how employees contribute to identifying important factors and to improving workplace safety;
- to identify appropriate measures and targets for key environmental factors so that status and progress can be tracked;
- how you enhance employee well being, satisfaction, and motivation based upon a holistic view of this key stakeholder group. Special emphasis is placed on the variety of approaches you use to satisfy a diverse work force with differing needs and expectations; and
- how you assess employee well being, satisfaction, and motivation, and how you relate assessment findings to key business results to set improvement priorities.

Comments

Most organizations, regardless of size, have many opportunities to contribute to employee well being, satisfaction, and motivation. Some examples of services, facilities, activities, and other opportunities are personal and career counseling; career development and employability services; recreational or cultural activities; formal and informal recognition; non-work-related education; day care; special leave for family responsibilities and/or community service; flexible work hours and benefits packages; outplacement services; and retiree benefits, including extended health care and access to employee services.

Although satisfaction with pay and promotion is important, these two factors are generally not sufficient to ensure overall employee satisfaction, motivation, and high performance. Some examples of other factors to consider are effective employee problem and grievance resolution; employee development and career opportunities; work environment and management support; workload; communication, cooperation, and teamwork; job security; appreciation of the differing needs of diverse employee groups; and organizational support for serving customers.

Example 5.3 (10th Area Support Group, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

5.3/5.3a Employee Well-Being and Satisfaction and Work Environment. Our key business driver "*Increase productivity through job satisfaction and a motivated work force*" reflects our commitment to employee well being, satisfaction and motivation. Our goal is to maintain a hazard -free workplace by providing safety training, publishing safety newsletters, posters, and bulletins, sending E-mail notices on particular hazards, and calling attention to safety issues at weekly Command and Staff Meetings. When there is an accident, we promptly investigate, analyze the cause, and attempt to avoid future such accidents through work force education. Our proactive approach to safety inspections and safety training has resulted in a 45% reduction in "At Fault" POV accidents and no fatalities or serious injuries to soldiers.

We aspire to have zero accidents and injuries in the 10th ASG. Although this may be a difficult goal to achieve, we do very well in comparison to Headquarters, Department of Army (HQDA) averages (Figures 7.3.10 and 7.3.15). We decreased our accident and injury rates by implementing a Risk Assessment Program for military, DACs, and JN work force and by increasing training in specific areas when necessary. The increase in our civilian Alcohol and Drug Abuse Prevention training came about as a result of data obtained from our Risk Assessment Survey (Figure 7.3.3).

Our Safety Office reviews daily military police blotters to identify safety or health issues. If persistent problems are noted, they are reported through the chain of command with recommendations for remediation. Our accident and injury rate data are updated monthly in HPMS for the entire staff to review. Particular trends are identified during monthly R&A meetings.

5.3b(1) Empl oyee Support Climate. We use several different means of enhancing our employee work climate via services and benefits including; a flexible work schedule policy, a policy to encourage employees to take administrative leave to volunteer in the school system, command sponsored recreational and cultural events, career/employment and educational development services, Alcohol and Drug Abuse Prevention and Control Program, Army Community Services Programs, and recreational and cultural programs.

We offer over 25 different employee assistance programs and services to enhance our work climate and morale. Several unique aspects of our employee assistance programs are our annual Angel Tree Program (holiday toys for needy children), Monthly Flea Market, and our Command Family Retreats.

Our recent enhancements to our gym came about as a result of input that we received from our Leisure Needs surveys. This year, we made major modifications to our gymnasium; we replaced the basketball court floor, added new workout equipment, and a cardiovascular workout room.

5.3b(2) Consider and Support Needs of Diverse Work Force. Our diversity requires us to address the needs of our employees based on ethnicity, cultural and language differences. Our Japanese (JN) work force population represents 69% of our total work force. Because of our employee diversity, most of our public information literature must be printed in English and Japanese. Mandatory training classes are taught in both English and Japanese. Englis h classes are provided at the Education Center to provide JN work force an opportunity to improve their English language capabilities.

Our JN work force council serves as a voice for our local national employees and provides an additional means for them to make recommendations and changes within the organization as it relates to their specific needs and concerns. These recommendations are based on cultural values and perceptions. The Council has recently obtained JN work force input on the development of a JN work force newsletter, printed in the local language, which will provide information and address concerns of the JN work force.

We implemented our Consideration of Others Program this year to emphasize that all employees should be treated with dignity and respect. Small group training classes have been taught in work force diversity, prevention of sexual harassment, and effective communications.

5.3c(1) Determining Key Factors of Employee Satisfaction. We rely on our senior noncommissioned officers to identify, through sensing sessions and face-to-face contact, the issues and concerns of our soldiers. With our civilian employees, we rely on sensing sessions and supervisory input of employee issues, while for our JN work force, items of concern are brought to light through first level supervisors, sensing sessions and the JN work force Council.

Based on feedback from our JN work force population, we have determined that our Japanese employees prefer monetary and time-off awards, or 10th ASG Coins, instead of traditional military or civilian certificates and medals. Within the Japanese culture, the display of such items in the work place is viewed as "bragging", and is socially unacceptable. We have addressed this cultural difference by adjusting the manner in which we reward our Japanese workforce.

5.3c(2) Employee Satisfaction Methods and Measures. We use two different surveys to measure employee well being and satisfaction. We annually administer the Army's Command Climate Survey and the Military Equal Opportunity (EO) Survey. Responses are used to develop action plans for improvements.

During the monthly R&A meeting we review employee satisfaction and well-being statistical data on; absenteeism, Equal Employment Opportunity (EEO)/EO complaints, safety, alcohol and drug abuse incidents, crimes against persons, and reenlistment rates (Figures 7.3.1, 7.3.7, 7.3.10, 7.3.11, 7.3.13, 7.5.13, 7.3.14, 7.3.15, 7.3.16).

Our Affirmative Action Plan panel semi-annually reviews EEO statistical indicators to identify adverse trends and monitor fairness and equity in promotions, administration of adverse actions, and fairness in distribution of key leadership positions within the organization for military personnel.

5.3c(3) Employee Well-Being And Satisfaction Results Related to Key Business Results. We believe the high level of our employee well being, satisfaction, and morale is directly attributable to our many awards, accolades, and achievements during the past several years (Figure 0.7). Our extremely low civilian personnel disciplinary and EEO complaint rates consistently result in cost savings to our command and HQDA through cost avoidance (Figures 7.3.11 and 7.3.13). Our sick leave usage, both among DACs and JN work force, is far below HQDA averages and results in more productive work hours per employee and, thereby, greater efficiency (Figure 7.3.7).

HQDA Board of Examiners feedback on the above example:

The 10th ASG has a comprehensive safety program. Multiple communication sources (briefings, newsletters, e-mail, posters, and bulletins) are used to disseminate safety information and alerts. The success of the safety prevention program is evidenced by a 45% reduction in "at fault" POV accidents and no fatalities or serious injuries to soldiers.

Special attention is given to cultural differences due to the fact that 69% of the workforce is made up of Japanese Nationals. Care is taken to ensure that all training classes are delivered in English and Japanese. English classes are provided to the Japanese and basic Japanese classes are offered to the English speaking population.

The 10th ASG has 25 different employee assistance programs and services to enhance work climate and morale. Employees may use flexible work schedules. Employees are encouraged to take administrative leave to attend Command sponsored cultural and recreational events or career and education services.

The command grants administrative leave to employees to work in charity and volunteer events. Improvements in the recreational facilities were made as a result of input from the Leisure Needs surveys.

Employee satisfaction is addressed differently for the three groupings of employees. Soldiers identify satisfaction drivers in sensing sessions with noncommissioned officers. Civilians and JN voice their concerns through sensing sessions with their first line supervisors. In the case of the JN, this resulted in revisions to their incentive program recognizing that in the Japanese culture displaying awards such as certificates and medals is considered socially unacceptable.

The 10th ASG measures employee well-being and satisfaction annually with the Army's Command Climate Survey and the Military Equal Opportunity Survey. Responses are used to develop action plans.

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6.0 Process Management (95 pts.)

The **Process Management Category** examines the key aspects of your organization's process management, including customer-focused design, product and service delivery, key business, and support processes. This Category encompasses all key processes and all work units.

6.1 Product and Service Processes (50 pts.) [Approach-Deployment]

Describe how your organization manages key processes for product and service design and delivery.

Within your response, include answers to the following questions:

a. Design Processes

(1) What are your design processes for products/services and their related production/delivery processes?

(2) How do you incorporate changing customer/market requirements into product/service designs and production/delivery systems and processes?

(3) How do you incorporate new technology, including e-technology, into products/services and into production/delivery systems and processes, as appropriate?

(4) How do your design processes address design quality and cycle time, transfer of learning from past projects and other parts of the organization, cost control, new design technology, productivity, and other efficiency/effectiveness factors?

(5) How do you design your production/delivery systems and processes to meet all key operational performance requirements?

(6) How do you coordinate and test your design and production/delivery systems and processes? Include how you prevent defects/rework and facilitate trouble-free and timely introduction of products/services?

b. Production/Delivery Processes

(1) What are your key production/delivery processes and their key performance requirements?

(2) How does your day-to-day operation of key production/delivery processes ensure meeting key performance requirements?

(3) What are your key performance measures/indicators used for the control and improvement of these processes? Include how in-process measures and real-time customer and supplier/partner input are used in managing your product and service processes, as appropriate.

(4) How do you perform inspections, tests, and process/performance audits to minimize warranty and/or rework costs, as appropriate? Include your prevention-based processes for controlling inspection and test costs, as appropriate.

(5) How do you improve your production/delivery systems and processes to achieve better process performance and improvements to products/services, as appropriate? How are improvements shared with other organizational units and processes and your suppliers/partners, as appropriate?

Notes:

N1. Some organizations are required to rely on processes mandated by their parent organization. Responses to this Item should reflect your efforts to manage and improve your own processes within the parameters and guidelines established by your parent organization, as well as any contributions you may have made to improve your parent organization's mandated processes.

N2. Key performance measures includes in-process measurements which indicate if a process, service, or product is performing as expected. Identifying and correcting deviations early help minimize problems and/or cost.

N3. Product and service design, production, and delivery differ greatly among organizations, depending upon many factors. These factors include the nature of your products and services, technology requirements, issues of modularity and parts commonality, customer and supplier relationships and involvement, and product and service customization. Responses to Item 6.1 should address the most critical requirements for your organization.

N4. Responses to Item 6.1 should include how your customers and key suppliers and partners are involved in your design processes, as appropriate.

N5. Your results of operational improvements in product/service design, productivity, and delivery processes should be reported in Item 7.5. Your results of improvements in product/service performance should be reported in Item 7.1.

For definitions of the following key terms see glossary starting at page 117: cycle time and productivity.

6.0 Process Management

Item Descriptions

Process Management is the focal point within the Criteria for all key work processes. Built into the Category are the central requirements for efficient and effective process management – effective design; a prevention orientation; linkage to suppliers and partners; operational performance; cycle time; and evaluation, continuous improvement, and organizational learning. Flexibility, cost reduction, and cycle time reduction are increasingly important in all aspects of process management and organizational design. In simplest terms, flexibility refers to your ability to adapt quickly and effectively to changing requirements.

Depending on the nature of your organization's mission, strategy and markets, flexibility might mean rapid changeover from one product/service to another, rapid response to changing societal needs or customer demands, or the ability to produce a wide range of customized services. Flexibility might demand special strategies such as implementing modular designs, sharing components, sharing manufacturing lines, and providing specialized training. Flexibility also increasingly involves competitive sourcing decisions, agreements with key suppliers, and novel partnering arrangements.

Cost and cycle time reduction often involves many of the same process management strategies as achieving flexibility. Thus, it is crucial to utilize key measures for these requirements in your overall process management.

Category 6.0 Item Comparison

	Item 6.1	Item 6.2a	Item 6.2b	Item 6.3
	Product & Service	**Business**	**Support**	**Supplier/Partnering**
Definition	Your organization's key methods for designing, creating, and delivering value to customers.	Strategy-driven non-product, non-service activities that you consider critical to long-term growth and success.	Activities that provide key administrative and logistical infrastructure in support of day-to-day operations.	Systematic efforts to improve performance by developing mutually supportive relationships with suppliers and partners.
Examples	Product Engineering/Design Manufacturing/Fabrication Customer Service Quality Control/Improvement Product/Service Delivery Customer/Supplier Input Inspection & Testing	Outsourcing & Privatization Change Management Innovation & Reinvention Technology Acquisition Knowledge Management Organizational Consolidation Workforce Rightsizing Research & Development Process Re-engineering Benchmarking/Best Practices	Facility Management Finance, Accounting, Budget Contract Administration Information System Support Legislative Liaison Legal Services Inspector General Personnel	Supply Chain Management Preferred Supplier Agreements Partner/Supplier Feedback Joint Planning & Training Supplier Selection Incentives/Recognition

6.1 Product and Service Processes

Purpose

This Item examines your organization's key product and service design and delivery processes, with the aim of improving your marketplace and operational performance. This includes how your organization designs, introduces, produces, delivers, and improves your products and services. It also examines how your production/delivery processes are operated and improved. The trouble-free introduction of new products and services is important to the management of these processes. This requires effective coordination, starting early in the product and service design phase. This Item also examines your organizational learning through a focus on how lessons learned in one process or work unit are replicated and added to the knowledge base of other projects or work units.

Requirements

You are asked:

- to identify your key design processes for products and services and their related production and delivery processes;
- how you address key requirements such as changing customer/market requirements and new , technology, including e-technology;
- how you address key factors in design effectiveness, including cost control, cycle time, and learning from past design projects;

- how you ensure that design processes cover all key operational performance requirements and appropriate coordination and testing to ensure effective product/service launch without need for rework,

- to identify your key production/delivery processes, their key performance requirements, and key performance measures. These requirements and measures are the basis for maintaining and improving your products, services, and production/delivery processes;

- how you perform inspections, tests, and audits to minimize rework and warranty costs, and about your prevention-based processes for minimizing the need for inspections, tests, and audits; and

- how you improve your production/delivery processes to achieve better processes and products/services.

Comments

Your design approaches could differ appreciably depending upon the nature of your products/services – whether the products/services are entirely new, variants, or involve major or minor process changes. You should consider the key requirements for your products and services. Factors that might need to be considered in design include safety, long-term performance, environmental impact, "green" manufacturing, measurement capability, process capability, manufacturability, maintainability, variability in customer expectations requiring product/service options, supplier capability, and documentation. Effective design also must consider cycle time and productivity of manufacturing or service processes and redesigning ("reengineering") those processes to achieve efficiency, as well as to meet changing customer requirements.

This item calls for information on the incorporation of new technology, including e-technology. E-technology might include sharing information with suppliers/partners, communicating with customers and giving them continuous (24/7) access, and automated information transfer from in-service products requiring maintenance in the field.

Many organizations need to consider requirements for suppliers/partners at the design stage. Overall, effective design must take into account all stakeholders in the value chain. If many design projects are carried out in parallel, or if your organization's products utilize parts, equipment, and facilities that are used for other products, coordination of resources might be a major concern, but might offer a means to significantly reduce unit costs and time to market.

Coordination of design and production/delivery processes involves all work units and/or individuals who will take part in production/delivery and whose performance materially affects overall process outcome. This might include groups such as research and development (R&D), marketing, design, and product/process engineering.

This item calls for information on the management and improvement of key production/delivery processes. The information required includes a description of the key processes, their specific requirements, and how performance relative to these requirements is determined and maintained. Increasingly, these requirements might include the need for agility--speed and flexibility--to adapt for change.

Specific reference is made to in-process measurements and customer/supplier interactions. These measurements and interactions require the identification of critical points in processes for measurement, observation, or interaction. These activities should occur at the earliest points possible in processes to minimize problems and costs that may result from deviations from expected performance. Achieving expected performance frequently requires setting performance levels or standards to guide decision-making. When deviations occur, corrective action is required to restore the performance of the process to its design specifications. Depending on the nature of the process, the corrective action could involve technical and/or human considerations. Proper corrective action involves changes at the source (root cause) of the deviation. Such corrective action should minimize the likelihood of this type of variation occurring again or elsewhere in your organization. When customer interactions are involved, differences among customers must be considered in evaluating how well the process is performing. This might entail allowing for specific or general contingencies, depending on the customer information gathered. This is especially true of professional and personal services.

This Item also calls for information on how processes are improved to achieve better performance. Better performance means not only better quality from your customers' perspective but also better financial and operational performance—such as productivity—from your organization's perspective. A variety of process improvement approaches are commonly used. These approaches include (1) sharing successful strategies across your organization, (2) process analysis and research (e.g., process mapping, optimization experiments, error proofing), (3) research and development results, (4) benchmarking, (5) using alternative technology, and (6) using information from customers of the processes—within and outside your organization. Process improvement approaches might utilize financial data to evaluate alternatives and set priorities. Together, these approaches offer a wide range of possibilities, including complete redesign ("re-engineering") of processes.

Example 6.1 (U.S. Army Engineering and Support Center, Huntsville, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score.):

6.1 Management of Product and Service Processes

6.1a Design process

6.1a(1) Product/delivery processes and design

Fig. 6.1-1 shows our work design process. First we define customer requirements in MOA's or PMP's. MOA's are used to define roles and responsibilities of each agency (HNC, customers, partners, suppliers, etc.) for projects. PMP's are formal plans required for all projects over $100K. Based on the customer requirements outlined in these plans, project managers (PM's) define in their business action plans (2.2) the resources required to support new or expanded work. The MCG reviews the needed resources; then an integrated process team (IPT) (5.1a(1)) of cross-functional personnel from our key processes and support processes is formed to take work from design to execution. IPT's define the following aspects of our products and services and their delivery through the PMP: resource plan, outline of needed key and support processes, acquisition plan, baseline schedule, SOW based on customer requirements, process specifications, technology requirements, performance measures, configuration (change) management plan, program/data quality control plans (PQCP's/DQCP's).

If no design changes are required, IPT's manage the processes to produce and deliver the product or service.

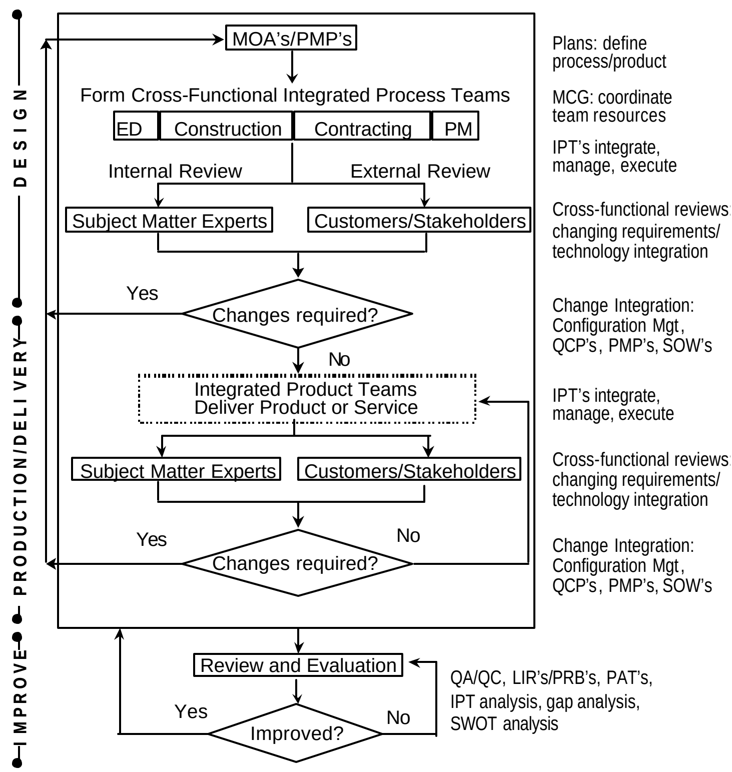

Figure 6.1-1. Product/Service Process Model

6.1a(2) Incorporating changing requirements

We identify new or changing requirements through the approaches in item 3.1 and tables 3.1-2 and -4. We include requirements in formal design and production reviews as shown in figs. 3.1-1 and 6.1-1. We also use cross-functional subject matter expert reviews to identify changing specifications and/or regulatory requirements. In-progress changes are integrated through formal configuration management procedures and IPT's on complex

When formal configuration management is not appropriate, PMP's, QC plans, and SOW's provide the means to actively modify the design/delivery process to incorporate changes during project design execution. Frequent IPT meetings and regular communication with the customer provide the rapid response and flexibility required by smaller and short-term projects.

6**.1a(3) Incorporation of new technology**. Many products and services are unique engineering systems requiring a first-time approach or technology introduced in evolving regulatory environments. To stay innovative and keep up with changes, we use four main approaches:

- Market knowledge. We remain current with ever- changing and new technologies by participating in DOD and industry forums, working groups, and regulatory committees as explained in 3.1a(2).
- Project startup. When possible, we introduce new technologies at the front end of the project. The most efficient way to do this is by evaluating new technologies and/or approaches during acquisition planning to minimize changes during execution. Suppliers, then, propose and/or demonstrate new technologies and/or approaches as part of their evaluation. Recent acquisition plans from OE and OMEE Programs were recognized by Corps HQ for their innovative approaches and submitted to Corps districts as models for other acquisitions.
- Technology team. For continual technology advancement, we use an innovative technology team that continually reviews and evaluates new technologies and their applicability to our work. One such team established a demonstration test site to evaluate applicable technologies for simulating OE contamination. Vendors may use that test site to improve and demonstrate their innovations.
- During execution. New or changing technologies are also integrated into our products/processes at later stages through formal configuration management control procedures and modifications to the design/ delivery process through PQCP's, DQCP's, and SOW's.

6.1a(4),(5) Addressing process efficiency/effectiveness factors and performance requirements As explained in 5.1a(1), we integrate all elements of product/service design through cross-functional IPT's as shown in fig. 6.1-3. To ensure compliance with technical and regulatory requirements and consistency between similar products/services, subject matter experts re view the design, e.g., an HNC board reviews all OE engineering evaluation recommendations from various IPT's for consistency from team to team before external review. To further assist IPT's, we perform in-process reviews (IPR's) of all QC plans, which document initial customer requirements defined by MOA's/PMP's and revised criteria and rationale for change. We also use internal quality assurance (QA) audits to evaluate and improve our design processes. We develop QC plans for all projects. As those documents are audited, results are fed back into the QA process to promote transfer of learning and reduce cycle time. To enhance learning and technology transfer, audit team members are selected from other product teams. Audit information is shared through IPT meetings, LIR's/PRB's, and websites.

6.1a(6) Coordination and testing We coordinate and test our design and production/delivery processes through internal reviews by subject matter experts and external reviews by customers and stakeholders as shown in fig. 6.1-1. When appropriate, we use small-scale pilot tests before full product application. On our Chemical Demilitarization Program, a pilot plant was built at program start. On our BMD Program, we will also design and construct test facilities prior to full-scale production.

6.1b Production/delivery processes

6.1b(1), (2), (3) Key processes, requirements, management, and operations. We deliver a diverse family of technical products and services through the Project Management Business Process (PMBP). Methodology. Our four key processes are:

- Engineering and technical services provide product line design, technical support, and QA.
- Construction management provides construction management, field QA, and change management.
- Contract management provides pre- and post-award acquisition services.
- Program and project management (P&PM) integrates key and support processes, ensuring that the final product meets the customer's needs.

Our PMBP in fig. 6.1-3 identifies product lines, key process requirements, controls for ensuring that requirements are met, and measures for controlling our processes. At 1.0, corporate process controls are the highest-level controls, ensuring that process systems are effective and efficient. At 2.0, product lines are developed to align customer requirements with specific processes. At 3.0, project controls are used by IPT's to ensure that processes meet specific customer requirements. At 4.0 and 5.0, processes are integrated to support product lines.

6.1b(2) Key process operations performance Process management begins at strategic planning where KSF strategies are developed. Teams then develop business plans, including operational strategies and measures supporting corporate strategies in table 2.2-1. Daily operations are monitored through the measures in fig. 6.1-3 at team meetings and LIR's. Leaders review aggregated measures of process performance during Business Meetings and PRB's (1.1b(1)).

6.1b(3) Process performance measures Our key performance measures and the controls used to manage and improve our processes are identified in fig. 6.1-3. Real-time customer input is sought as described in table 3.1-2 and fig. 3.1-1 and reported in fig. 7.1-11.

6.1b(4) Improving and sharing lessons learned
Mechanisms for improving our processes are as follows:

- *Integrated Process Teams.* Our IPT's are cross-functional teams integrating and executing our processes daily, and are, therefore, a key improvement source. Our Energy and Medical Teams, for example, developed a streamlined process for O&M repair and renewal (figs. 7.5-1 thru -4), which is deployed in four ways: (1) We partner with districts to provide O&M repairs for their customers through our established contracts; (2) Districts are adopting our process as their own business practice; (3) We provide service to the Army and Air Force Medical customer; and (4) Aspects of this process and its concepts have been adapted and adopted by other teams, such as OE.

QA Audits. Through our quality audit process, we develop QCP's for all projects. Internal ISO 9000-trained teams audit those projects to streamline processes, evaluate quality, prevent deficiencies, and create a mechanism for continuous improvement (fig. 6.1-2).

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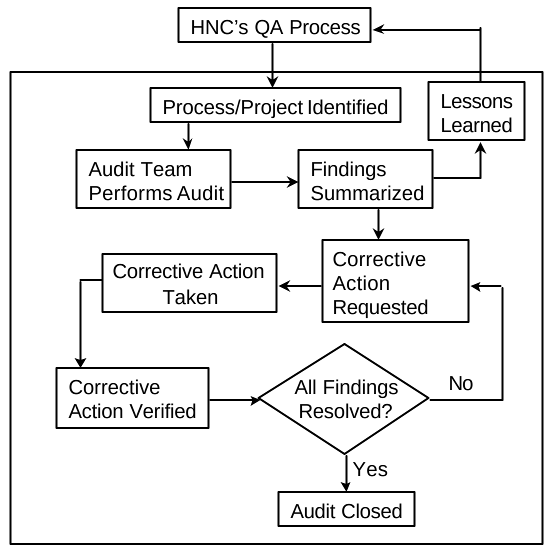


Figure 6.1-2. Quality Audit Process

1.0 Corporate Process Controls

1.1 USACE Vision 1.3 PRB's 1.5 Gap Analysis 1.7 Corporate Metrics
1.2 Strategic Planning 1.4 ERG's 1.6. Monthly Business Meeting 1.8 Customer Surveys

2.0 Product Lines

2.1 Ballistic Missile Defense
2.2 Ordnance & Explosives
2.3 Demilitarization
2.4 Medical Program
2.5 Installation Support
2.6 Operational Forces Support

3.0 Program/Project Process Controls

3.1 Process Metrics 3.3 LIR's 3.5 Integrated Process Teams 3.7 Customer Surveys
3.2 Quality Audits 3.4 IPR's 3.6 PQCP's/DQCP's 3.8 PAT's

4.0 Key Processes Measures

Key Req'ts	Engineering	Contracting	P & PM	Construction
Quality	Table 7.1-2, 7.3-14, Table 7.5-1, 7.5-50	Table 7.1-2, 7.3-14, Table 7.5-1, 7.5-50	Table 7.1-2, 7.3-14, Table 7.5-1, 7.5-50	Table 7.1-2, 7.3-14, Table 7.5-1, 7.5-50
Cost	7.2-1 thru 7.2-9, 7.2-11 thru 7.2-16, Table 7.5-2, 7.5-16 thru 7.5-22, 7.5-25, 7.5-39, 7.5-40	7.2-1 thru 7.2-8, 7.2-15, 7.2-16, Table 7.5-2, 7.5-5, 7.5-33 thru 7.5-35, 7.5-39, 7.5-40	7.2-1 thru 7.2-8, 7.2-10,7.2-15, 7.2-16, Table 7.5-2, 7.5-4, 7.5-6 thru 7.5-9, 7.5-11, 7.5-39, 7.5-40	7.2-1 thru 7.2-8, 7.2-15, 7.2-16, 7.4-10, 7.4-11, Table 7.5-2, 7.5-25 thru 7.5-28, 7.5-30, 7.5-31, 7.5-39, 7.5-40
Schedule	7.5-23, 7.5-29	7.5-1, 7.5-3, 7.5-36 thru 7.5-38	7.5-1, 7.5-3, 7.5-36 thru 7.5-38	7.4-7 thru 7.4-9, 7.4-12, 7.5-29
Customer Satisfaction	7.1-1 thru 7.1-10, 7.2-17 thru 7.2-19, 7.5-24, 7.5-42	7.1-1 thru 7.1-10, 7.2-17 thru 7.2-19, 7.5-24, 7.5-42	7.1-1 thru 7.1-10, 7.2-17 thru 7.2-19, 7.5-14, 7.5-42	7.1-1 thru 7.1-10, 7.2-17 thru 7.2-19, 7.5-24, 7.5-42
Safety	7.3-11	7.3-11	7.3-11, 7.4-14	7.3-11, 7.4-14

5.0 Key Support Process Measures

Key Req'ts	Regulatory & Legal Compliance	Facilities & Equipment Management	Information Management	Resource Management
Quality	7.3-6, 7.3-7, 7.3-12, Table 7.5-1, Table 7.5-4, 7.5-43, 7.5-44, 7.5-45, 7.5-46	7.3-12, Table 7.5-1,	7.3-12, Table 7.5-1, 7.5-46	7.3-12, Table 7.5-1, Table 7.5-4
Cost	Table 7.5-2, Table 7.5-4	Table 7.5-2, Table 7.5-4	Table 7.5-2, Table 7.5-4	Table 7.5-2, Table 7.5-4, 7.5-43
Schedule	7.5-48	7.5-45	7.5-47	7.5-43
Customer Satisfaction	7.5-42	7.5-42	7.5-42	7.5-42
Safety	7.3-11	7.3-11	7.3-11	7.3-11

6.1-3. Project Management Business Pro cess (PMBP) Methodology for designing, integrating, and managing our processes to create products and services that meet specific customer requirements.

- *Other Improvement Venues.* We also make improvements through process action teams, external quality management reviews conducted by our partners and suppliers, value engineering studies (fig. 7.5-25), and our gap analysis (fig. 1.1-3).

- *Sharing Lessons.* Our structure as explained in 5.1a(1) facilitates information sharing. Therefore, lessons from improvement initiatives are shared across the organization through teams: (1) IPT's brief lessons at PRB's. (2) Lessons are also posted the intranet. (3) Because IPT's are cross-functional, employees bring best practices and lessons from IPT's to their functional units for sharing elsewhere. Paragraphs 4.2a(2),(3) and fig. 4.2-1 explain team sharing from the perspective of information analysis links.

HQDA Board of Examiners feedback on the above example:

The organization has clearly depicted design, production, and delivery processes for its products and services, which exhibit several refinement cycles and reviews by customers to ensure a quality product.

The organization makes effective use of its listening and learning strategies to ensure changing customer requirements are considered and incorporated into the production/delivery of the product/service. In addition, it effectively uses cross-functional subject matter experts to review requirements ensuring it meets specifications and regulatory requirements.

The Technology Team is an excellent approach to seek out and evaluate new technology that may have impact on creating innovative products and services. This team is extremely innovative for a government agency and can be capitalized on by ensuring that the most current "new" idea is addressed and evaluated for possible enhancing of operations. This keeps the organization on the cutting edge of the most innovative business practices. Additionally the team provides extra value by ensuring the organization maintains a competitive edge on its industry counterparts.

The organization has demonstrated that through regular reviews of mission requirements and progress towards defined goals, it ensures key performance requirements are being met. The organization has a Project Management Business Process through which products and services are delivered and managed, using controls and measures to ensure requirements are met.

The organization has identified the key performance measures for product/service delivery, and real-time customer input is sought from several methods, including customer surveys, to monitor process performance.

The organization has a sound and systemic approach to improve production and delivery processes as outlined in fig 6.1-1. Additionally, the organization's extensive use of IPTs facilitate effective sharing and deployment of improvements cross-functionally throughout the organization

6.2 Business and Support Processes (20 pts.) [Approach-Deployment]

Describe how your organization manages its key business and support processes that lead to long-term growth and success. Describe how your organization manages its key support processes that support your daily operations and your employees in delivering products and services

Within your response, include answers to the following questions:

a. Business Processes

(1) What are your key business processes for business growth and success?

(2) How do you determine key business process requirements, incorporating input from customers and suppliers/partners, as appropriate? What are the key operational requirements (such as productivity and cycle time) for the processes?

(3) What are your key performance measures/indicators used for the control and improvement of these processes? Include how in-process measures and internal customer feedback are used in managing your business processes, as appropriate.

(4) How do you design and perform these processes to meet all the key requirements?

(5) How do you minimize overall costs associated with inspections, tests, and process/performance audits?

(6) How do you improve your business processes to achieve better performance and to keep them current with business needs and directions? How are improvements shared with other organizational units and processes, as appropriate?

b. Support Processes

(1) What are your key processes for supporting your daily operations and your employees in delivering products and services?

(2) What are the key operational requirements (such as productivity and cycle time) for these processes? How do you determine key support process requirements, incorporating input from internal customers, as appropriate?

(3) What are your key performance measures/indicators used for the control and improvement of these processes? Include how in-process measures and customer and supplier feedback are used in managing your business processes, as appropriate.

(4) How do you design and perform these processes to meet all the key requirements?

(5) How does your day-to-day operation of key support processes ensure meeting key performance requirements?

(6) How do you minimize overall costs associated with inspections, tests, and process/performance audits, as appropriate?

(7) How do you improve your support processes to achieve better performance and to keep them current with business needs and directions? How are improvements shared with other organizational units and processes, as appropriate?

Notes:

N1. Because of the diverse nature of business entities, processes identified in 6.2 for some organizations might be identified in 6.1 for other organizations. Similarly, processes identified in 6.2a for some organizations might be identified in 6.2b for other organizations. Organizations can determine whether their key processes are business or support oriented by viewing them through the criteria for 6.2a and 6.2b. All organization key processes should be collectively reflected in the responses to either 6.1 or 6.2.

N2. Your key business processes are those strategy-driven non-product/non-service processes that are considered most important to long-term growth and success by your organization's senior leaders. The key business processes to be included in Item 6.2a are distinctive to your organization and how you operate. Examples include outsourcing and privatization, change management, innovation & reinvention, technology acquisition, knowledge management, organizational consolidation, workforce right-sizing, research & development, process re-engineering, and benchmarking.

N3. Your key support processes are those activities that provide important administrative and logistical infrastructure in support of your organization's day-to-day operations and products/services design and delivery processes. The key support processes to be included in item 6.2b are common to most organizations. Examples include facilities management, finance, accounting, budget, contract administration, information system support, legislative liaison, legal services, inspector general, and personnel.

N4. To provide as complete and concise a response as possible for your key business and support processes, you might want to use a tabular format identifying the key processes and the attributes of each as called for in the "what" questions in Items 6.2a(1)-6.2a(3) and Items 6.2b(1)-6.2b(3).

N5. The results of improvements in your key business and support processes and key business and support process performance results should be reported in Item 7.4.

6.2 Support Processes

Purpose

This Item examines your organization's key non-product/non-service business processes, with the aim of improving business success, and key support processes, with the aim of improving your overall operational performance.

Requirements

You are asked to identify your key business and support processes and their respective design requirements.

For business processes, you are asked:

- how your organization's key business processes are designed and performed to meet all your requirements and how you incorporate input from customers and suppliers/partners, as appropriate; and

- to identify your key performance measures for the control and improvement of your business processes, including how in-process measures and customer and supplier feedback are used.

For support processes, you are asked:

- how your organization's key support processes are designed and performed to meet all your requirements and how you incorporate input from internal customers, as appropriate; and

- how day-to-day operation of your key support processes ensures meeting the key requirements, including how in-process measures and internal customer feedback are used.

For both business and support processes, you are asked:

- how you minimize costs associated with inspections, tests, and audits through use of prevention-based processes; and

- how you improve your business and support processes to achieve better performance and to keep them current with your changing business needs and directions.

Comments

Your key business processes are those non-product/non-service processes that are considered most important to business growth and success by your senior leaders. These processes frequently relate to an organization's strategic objectives and critical success factors.

Your support processes are those that support your daily operations and your product and/or service delivery but are not usually designed in detail with the products and services. The support process requirements usually do not depend significantly on product and service characteristics. Support process design requirements usually depend significantly on your internal requirements, and they must be coordinated and integrated to ensure efficient, effective linkage and performance.

Depending upon the mission and strategic direction of an organization, key business or support processes might address such areas as innovation, research and development, technology acquisition, information and knowledge management, outsourcing, consolidation, expansion, project management, policy or doctrine development, sales/marketing, finance and accounting, public relations, facilities management, legal services, human resource services, and administration. Given the diverse nature of these processes, the requirements and performance characteristics might vary significantly for different processes.

This Item calls for information on how your organization evaluates and improves the performance of your key business and support processes. Four approaches frequently used are (1) process analysis and research, (2) benchmarking, (3) use of alternative technology, and (4) use of information from customers of the processes. Together, these approaches offer a wide range of possibilities, including complete redesign ("re-engineering") of processes.

Example 6.2 (U.S. Army Corps of Engineers, Huntington District, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

6.2 Support Processes. Our key support processes, their principal performance and operational requirements, and associated performance measures and major improvement goals are identified in figure 6.2-1. Our support elements identify the requirements of internal and external customers by means of focus-group meetings, CMR analysis, feedback from cross-functional teams and steering committees, PRB participation, partnering interactions, and other forms of face-to-face discussion to ensure that all requirements are communicated effectively. We analyze, evaluate, prioritize, and incorporate requirements as individual or overall process objectives. *[2.1a, 4.1]* Each support element is required to develop tactical plans that identify customer requirements and define how these requirements will be met. This process is assigned to ensure that each employee is aware of her or his role in carrying out larger, strategic commitment to satisfy customer requirements. Consistent with our commitment to continuous improvement, all our processes concerning supplier and partner relationships and performance are routinely subjected to our process to improve processes (6.1b, 6.1a, and figs 6.2-1, 6.3-1).

Owners of support processes attend the Commander's weekly staff meeting, the PRB, and other forums to ensure that all requirements are effectively communicated. After external-customer objectives are identified [*3.1a*], individual support elements reach agreement with internal customers concerning goals and then identify what resources are required and available to achieve these goals. Support elements designate teams to set up objectives for achieving results, together with employee training plans to meet these objectives and maximize shared learning. We also incorporate support activities in our project master schedules and 2101 fiscal-execution system, which are managed through monthly WPRB and PRB meetings.

Performance Requirements	Key Support Processes	Operational Requirements	Management & Performance Measures	Major Improvement Goals
Finance Support	Operating budget Finance and accounting	Accurate, timely, reliable, cost -effective, quality	CMR, PBAC, PRB, WPRB, [figs. 7.2 -3, 7.3-9, -4, 7.5 -1]	Establish customer feedback loop
Information Management	Information systems Communication	Reliable, cost -effective, responsive , flexible, quality	CMR, QC, IM Steering Committee	Improve customer satisfaction
Procurement	Supplier procurement Contract management	Accurate, reliable, responsive, flexible, cost -effective, quality	CMR, PRB, PALT, BCO [figs. 7.5 -8, -9]	Increase small business utilization
Logistics Management	Transportation and supply management	Reliable, timely, responsive, flexible, cost-effective	CMR, Internal Review, surveys [fig. 7.5 -11]	Improve customer satisfaction
Legal Services	Contract review District representation	Responsive, timely, accurate, quality, reliable	Case Management Information System	Adopt Law Manager Reporting System
Human Resources	Staff procurement Staff administration	Responsive, timely, reliable, quality	CMR, customer surveys [fig. 7.3 -10]	Develop HR business plan
* BCO = Biddability, Constructibility, Operability; PALT = Procurement Action Lead Time.				

Figure 6.2 -1 *Our key support processes, principal performance and operational requirements, management and performance measures, and major improvements goals.*

HQDA Board of Examiners feedback on the above example:

In Figure 6.2-1, the organization reflects its key support processes, their principal operational requirements, and associated performance measures. The support processes are analyzed, evaluated, and prioritized to meet their internal and external requirements, which determined by review and feedback. Tactical plans are developed to identify how these requirements are to be met.

Support element requirements are included in the project master schedules. Performance of these support elements are reviewed periodically.

The applicant has a systematic process in place for designing new support processes based on customer needs.

6.3 Supplier and Partnering Processes (25 pts.) [Approach-Deployment]

Describe how your organization manages its key supplier and/or partnering interactions and processes.

Within your response, include answers to the following questions:

a. Supplier and Partnering Processes

(1) What key products/services do you purchase from suppliers and/or partners?

(2) How do you incorporate performance requirements into supplier and/or partner process management? What key performance requirements must your suppliers and/or partners meet to fulfill your overall requirements?

(3) How do you ensure that your performance requirements are met? How do you provide timely and actionable feedback to suppliers and/or partners? Include the key performance measures and/or indicators and any targets you use for supplier and/or partner assessment.

(4) How do you minimize overall costs associated with inspections, tests, and process and/or performance audits?

(5) How do you provide assistance and/or incentives to suppliers and/or partners to help them improve their overall performance and to improve their abilities to contribute to your current and longer-term performance?

(6) How do you improve your supplier and/or partner processes, including your role as supportive customer/partner, to keep current with your organization needs and directions? How are improvements shared throughout your organization, as appropriate?

Notes:

N1. The term supplier refers to other organizations and to units of your parent organization that provide you with goods and services.

N2. Supplier and partnering processes might include processes for supply chain improvement and optimization, beyond direct suppliers and partners.

N3. If your organization selects preferred suppliers and/or partners based upon volume of business or criticality of their supplied products and/or services, include selection criteria in the response.

N4. Results of improvements in supplier and partnering processes and supplier/partner performance results should be reported in Item 7.4.

N5. If contractor staff who provide functions for the organization are supervised in their work by the organization's staff as employees, then they should be treated as an internal support process in Items 6.1 or 6.2.

N6. Minimizing the overall costs associated with inspections, tests, and process and/or performance audits" asked for in Area 6.3a(4) refers to how supplier process quality has improved to where costly supplier in-house or customer inspections, tests, rework or returns, audits and monitoring are greatly reduced or eliminated.

6.3 Supplier and Partnering Processes

Purpose

This Item examines your organization's key supplier and partnering processes and relationships, with the aim of improving your performance and your suppliers' performance. This Item addresses how your organization designs, implements, operates, and improves its supplier and partnering processes and relationships.

Requirements

You are asked:

- to identify the key products and services that you obtain from suppliers and partners to understand the nature and business/mission criticality of these supplies;

- for your key performance requirements and measures for suppliers and partners, and how you use these requirements and measures in managing and improving performance. These performance requirements and associated measures should be the principal factors you use in making purchases (e.g., quality, timeliness, and price). Processes for determining whether or not requirements are met might include audits, process reviews, receiving inspections, certification, testing, and rating systems;

- how you provide actionable feedback and how you minimize costs associated with acceptance testing (two components of a system for supplier/partner relationship building and process improvement);

- how you provide your suppliers and partners with assistance and incentives, which will contribute to improvements in their performance and your performance; and

- how you improve your supplier and partnering processes so that you and your suppliers can keep current with your changing business needs and directions.

Comments

The terms, “supplier” and “partner,” refer to other organizations (public and private) and to units of your parent organization that provide goods and services. Suppliers’ and partners’ goods and services may be used at any stage in the production, design, delivery, and use of your organization’s products and services. Thus, suppliers include businesses such as distributors, dealers, warranty repair services, transportation, contractors, and franchises, as well as those that provide materials and components. Suppliers also include service suppliers, such as health care, training, and education providers.

Suppliers and partners are receiving increasing focus as many organizations re-evaluate their core functions and the potential for better overall performance through strategic use of suppliers, partners, and the establishment of partnering relationships. As a result, supply chain management is a growing factor in many organizations' productivity, effectiveness, and overall business or mission success. For many organizations, suppliers and partners are an increasingly important part of achieving not only high performance and lower-cost objectives, but also strategic objectives. For example, they might provide unique design, integration, and marketing capabilities.

This Item places emphasizes the unique relationships that organizations are building with key and preferred suppliers, including establishing partnering relationships. In identifying key suppliers and partners, you should consider goods and services used in the design, production, delivery, and use of your organization's products and services, i.e., consider both “upstream” and “downstream” suppliers and partners.

This Item places particular emphasis on the supplier/partner relationships that lead to high performance. Electronic data and information exchange is fostering new modes of communication and new types of relationships that can support high performance on the part of suppliers and customers. You are encouraged to focus on actions that will not only improve supplier performance, but actions that will enable them to contribute to your improved performance. Such actions might include one or more of the following:

- improving your procurement and supplier management processes (including seeking feedback from suppliers and internal customers);
- joint planning;
- rapid information and data exchanges;
- use of benchmarking and comparative information;
- customer-supplier teams;
- training;
- long-term agreements;
- incentives; and
- recognition.

Your supplier management planning might include changes in supplier selection, leading to a reduction in the number of suppliers and an increase in preferred supplier and partnership agreements.

Example 6.3 (U.S. Army Corps of Engineers, Huntsville, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score.):

6.3 Supplier and Partnering Processes. We first consider our own capabilities, workload, and resources, and then consider the capabilities of those suppliers and partners who may, for example, be more experienced in meeting a particular requirement (fig. 6.3-1) *[3.1a]*. This makes our use of supplier and partner services more cost-effective and otherwise beneficial to the customer. We communicate our requirements to suppliers of needed goods and services (fig. 6.3-2) *[fig. ov-2]* by scopes of work, plans and specifications, engineering manuals, and regulations. We require risk-based quality-control plans for most contracts (construction, AE, service, and supply, for example). In many instances we've moved from the traditional lowest-bid procedure to a. "Request for Proposals" procedure in which suppliers are selected on the basis of their responses to key questions concerning issues of customer satisfaction. This allows us to arrive at a more balanced and informative view of cost-benefit issues and thereby enhances sound decision-making. Partnerships with suppliers are developed on the basis of performance objectives that are jointly identified by the Government and the supplier *[2.1a]*. Progress toward objectives is then measured throughout the duration of the partnership to identify areas for improvement and establish a database of lessons learned for future use. Product requirements are discussed and emphasized throughout the partnering process. We also develop indefinite-delivery contracts (IDC's) which establish long-term partnerships (up to 5 years) with key suppliers.

Regularly scheduled meetings and phone conversations between appropriate organizational representatives are important building blocks regarding our partnerships with suppliers. Quality indicators and requirements are made known to our suppliers through product descriptions, contract specifications, published procurement announcements, and evaluations.

Customer feedback provides information concerning our business processes and working relationships. Customer and supplier results are analyzed as a basis for process evaluation and improvement.

Process analyses and action plans are developed and prioritized as shown in figure 6.3-1. *[2.2a]*

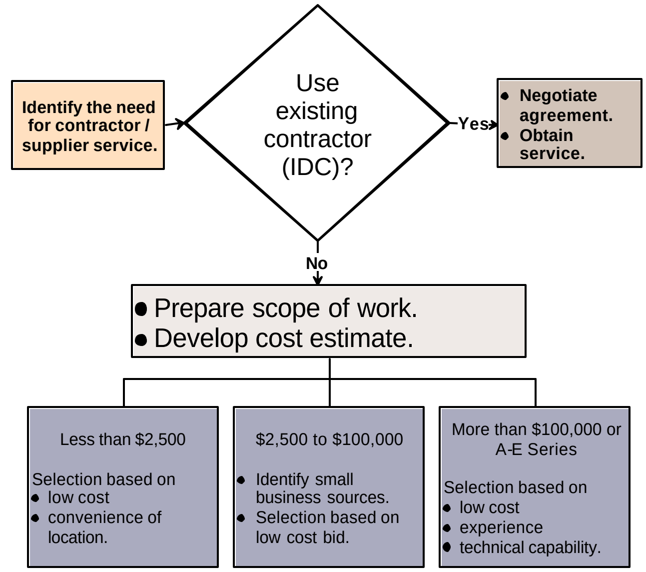


Figure 6.3-1 *Process for identifying and selecting suppliers.*

We require suppliers to provide tests at key points in their delivery process to ensure appropriate product quality and to make corrections as needed. We've also recently established an initiative requiring AE consultants and service contractors to perform their own quality control before product delivery.

To develop a full range of future sources of supply we ensure that work is provided to small and disadvantaged businesses. Through participation in contracting symposiums *[1.2b]* and various professional organizations such as the Society of American Military Engineers, we're able to familiarize key suppliers with our needs, learn about industry capabilities, and enhance relationships with a broad range of key suppliers *[1.1b, 7.4a]*. We solicit feedback from our supplier partners during individual partnering meetings, partnering issue-resolution meetings, and partnering conferences. We also take action on modifications suggested by contractors during the solicitation process—amendments are often issued based directly on their input. Using the automated processes ACASS (Architects and Engineers) and CCASS (construction services), we provide performance ratings to all suppliers for use in their own improvement processes. Customer feedback and supplier results *[4.1, 7.4, and figs 7.4-1, 7.4-2, 7.4-3]* are analyzed as a basis for effective process management and improvement. We've improved quality and cost-effectiveness *[7.4a]* through prevention-based inspection methods, a result of partnering. We proactively broaden our supplier base through our annual Federal Procurement Symposium by participating in similar State-sponsored gatherings, and by providing training in the new Electronic Data Interchange and CD-ROM solicitation systems for bidding on procurements. This benefits both the District and the supplier community.

Supplier Companies	Performance Indicators	Principal Requirements	Feedback Mechanisms
Construction Contractors	Project Schedules Met Cost Control Quality Materials and Workmanship	On-time Completion Limited Modifications Performance Meeting Performance Specifications	Supplier partnering Quality Mgt. Plan. Performance-evaluation letters, regular phone calls between partner reps. Issue-resolution meetings. Weekly progress meetings. Three-phase inspection during progress
Equipment Suppliers	Delivery Dates Met Cost Control Quality Equipment	On-time Delivery Limited Modifications Performance Meeting Specifications	Inspection upon delivery.
Office Suppliers	Delivery Dates Met Quality supplies Cost Control, Quality	On-time Delivery Performance Meeting Specifications Limited modifications	Inspection upon delivery.
Training Suppliers	Delivery Dates Met Staff Trained	On-time Delivery Affirm alive Trainee Evaluations	Trainee evaluation forms.
Planning and Design (AE) Consultants	Delivery Date Met Regulation Compliance Cost Control quality	On-time Completion Regulation Compliance Limited modifications	Debriefings for unsuccessful bidders. Evaluation letters, continuing contract with COR throughout duration of work.
Project Maintenance	Completion Dates Met Cost Control Quality	On-time Delivery Limited Modifications Meeting Contract Specifications	Debriefings for unsuccessful bidders, quality-mgt. Control system, quality-assurance customer-survey results, daily meetings, complaint records.

Figure 6.3-2 *Elements of our process for managing supplier performance.*

HQDA Board of Examiners feedback on the above example:

The organization has developed performance requirements for some of its suppliers as shown in Figure 6.3-2. Performance indicators are included as well as principal requirements that the supplier must meet to fulfill the organization's requirements.

The applicant has a systematic process in place to identify and select suppliers, some of which have established long-term partnerships with the organization.

The applicant uses various mechanisms to communicate quality indicators and requirements to suppliers. For example, regularly scheduled meetings, product descriptions, contract specifications, published procurement announcements, and evaluation provide regular feedback to the key suppliers on how they are meeting the requirements.

To assure that the supplier's performance is appropriately geared to organizational requirements, the applicant requires suppliers to provide tests at key points in their delivery process.

7.0 Business Results (400 pts.)

The **Business Results Category** examines your organization's performance and improvement in key business areas – customer satisfaction, product and service performance, financial, marketplace performance, mission accomplishment, human resource results, supplier and partner results, and operational performance. Also examined are performance levels relative to competitors. Results should be clearly linked to the overall performance goals and objectives.

7.1 Customer-Focused Results (140 pts.) [Results]

Summarize your organization's customer-focused results, including customer satisfaction and product and service performance results. Segment your results by customer groups and market/program segments, as appropriate. Include comparative data.

Provide data and information to answer the following questions:

a. Customer-Focused Results

(1) What are your current levels and trends in key measures and/or indicators of customer satisfaction, dissatisfaction, including comparisons with competitors' levels of customer satisfaction?

(2) What are your current levels and trends in key measures/indicators of customer-perceived value, customer retention, positive referral, and/or other aspects of building relationships with customers, as appropriate?

b. Product and Service Results

What are your current levels and trends in key measures/indicators of product and service performance that are important to your customers?

Notes:

N1. Customer satisfaction and dissatisfaction results reported in this Item should relate to determination methods and data described in Item 3.2.

N2. Measures and/or indicators of customer satisfaction with your products/services relative to customer satisfaction with competitors and/or similar organizations/processes might include objective information and data, such as customer-perceived value, from customers and independent organizations.

N3. Service performance (7.1b) might include measures of success in providing nontraditional services to customers, such as Internet-based services.

N4. The combination of direct customer measures/indicators in 7.1a(1) and 7.1a(2) with product and service performance measures/indicators in 7.1b provides an opportunity to determine cause and effect relationships between your product/service attributes and evidence of customer satisfaction, loyalty, positive referral, etc.

N5. Item 7.1 should only include results of performance in satisfying customers external to the applicant organization itself. Results of performance in satisfying internal customers should be reported in other items

7.0 Business Results Item Descriptions

Business Results provides a results focus that encompasses your customers' evaluation of your organization's products and services, your overall financial and market performance, and results of all key processes and process improvement activities. Through this focus, the Criteria's dual purposes – superior value of offerings as viewed by customers and the marketplace, and superior organizational performance reflected in your operational and financial indicators – are maintained. Category 7 thus provides "real-time" information (measures of progress) for evaluation and improvement of processes, products, and services, aligned with your overall mission and business strategy. Item 4.2 calls for analysis of business results data and information to determine your overall organizational performance.

Comparative data for measures in each Category Item might include agency best, best performance of similar organizations and processes, agency average, and appropriate benchmarks from inside or outside of the Government.

7.1 Customer-Focused Results

Purpose

This Item examines your organization's customer-focused performance results, with the aim of demonstrating how well your organization has been satisfying your customers and delivering product and service quality that lead to satisfaction, loyalty, and positive referral.

Requirements

You are asked to provide:

- current levels, trends, and appropriate comparisons for key measures and/or indicators of customer satisfaction and dissatisfaction, including comparisons with your competitors' levels of customer satisfaction;

- data and information on customer loyalty (retention), positive referral, and customer-perceived value; and

- levels and trends in key measures and/or indicators of product and service performance. Such results should be for key drivers of your customers' satisfaction and retention.

Comments

The Item focuses on the creation and use of all relevant data to determine and help predict your organization's performance as viewed by your customers. Relevant data and information include: (1) customer satisfaction and dissatisfaction; (2) retention, gains, and losses of customers and customer accounts; (3) positive customer referrals; (4) customer complaints; (5) customer-perceived value based on quality and convenience of service and price; and (6) awards, ratings, and recognition from customers and independent organizations.

The Item includes measures of product and service performance that serve as indicators of customers' views and decision making relative to future purchases and relationships. These measures of product and service performance are derived from customer-related information gathered in Items 3.1 and 3.2 ("listening posts").

Product and service measures appropriate for inclusion might be based upon the following: (1) internal (organizational) quality measurements; (2) field performance; (3) data collected by or for your organization; or (4) customer surveys on product and service performance. Data appropriate for reporting include internal measurements and field performance, and data collected by the organization or other organizations through follow-ups for attributes that cannot be accurately assessed through direct measurement (e.g., ease of use) or when variability in customer expectations makes the customer's perception the most meaningful indicator (e.g., courtesy).

The correlation between product/service performance and customer indicators is a critical management tool with multiple uses: (1) defining and focusing on key quality and customer requirements; (2) identifying product/service differentiators in the marketplace or mission-driven environment; and (3) determining cause-effect relationships between your product/service attributes and evidence of customer satisfaction and loyalty, as well as positive referrals. The correlation might reveal emerging or changing market segments, the changing importance of requirements, or even the potential obsolescence of offerings.

Example 7.1 (10th Area Support Group, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score.

(NOT ALL CHARTS SHOWN)

7.0 BUSINESS RESULTS The data presented in our business results demonstrates our total commitment to improving customer satisfaction, product and service performance, human resource results, supplier and partner results and operational performance. As an organization we have improved dramatically in quality support and overall performance through the implementation of numerous processes and programs. We sincerely believe that we are now one of the standard bearers in the Army for optimizing resources, providing quality combat service support, exploiting and leveraging technology and providing 5-star support. Our total team effort has created a synergistic catalyst for creating and maintaining an outstanding community of excellence within the 10th ASG on Okinawa. Equally important to sustaining our band of excellence is our command climate that fosters a creative and positive atmosphere that enhances positive and sustained improvement in all quality of life and human resource areas. Our business results vividly demonstrate our improved processes, quality services and sustained customer focus throughout the 10th ASG.

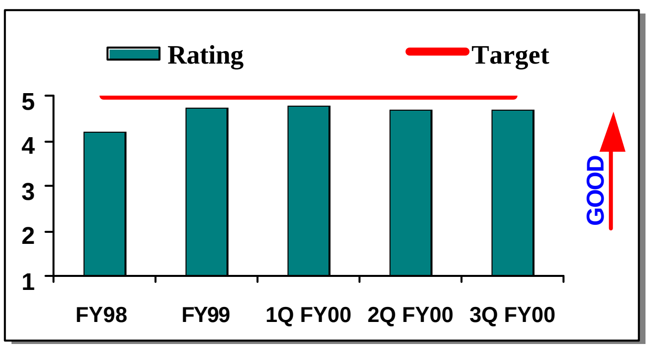
Figure 7.0.1 - Abbreviated Goals and Key Business Drivers

Goals	Key Business Drivers
1. Provide 5-Star Support	KBD 1. Optimize Resources KBD 2. Exploit Technology
2. Improve Command Climate	KBD 3. Increase Productivity
3. Improve Combat Service Support	KBD 4. Provide Cohesion
4. Maintain Ambassadorship	KBD 5. Represent the Army

7.l Customer Focused Results.

We continued to improve in overall customer satisfaction across the 10th ASG this year. We continue to strive for more innovative ways to sustain and improve our customer-focused results for the 10th ASG.

10th ASG Customer Satisfaction Rating



Goal:	**Provide 5-Star Support**	KP/SP:	**KP2 – TAQ Management**
Target:	**Rating of 5**	KBD:	**Provide Cohesion**
Standard/Benchmark:	**HQDA AR5-1**	Custome:	**Internal/External**

Figure 7.1.1: The 10th ASG is committed to meeting and exceeding customer expectations in all facilities and services. A commander-wide standardized "Customer Comment Card" implemented in Feb 98 has provided immediate and invaluable feedback.

Figure 7.1.2: 84% of All Army JN work force on Okinawa have received training in TAQ as of 2nd quarter of FY2000. Goal for FY00 is 95%.

Figure 7.1.3: This information assesses sustainment of fuel storage capacity to manage our most critical fuel asset (JP8). Our on hand amount is low due to two large fuel tanks empty for cleaning (One MBBL=42,000 gallons).

Figure 7.1.4: Consumption historically is 42,000 gals per day. Information used to manage sustainment of JP5 on Okinawa.

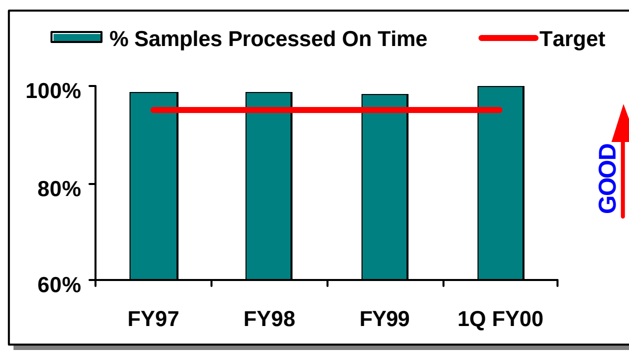
Figure 7.1.5: Consumption historically is 21,000 gal per day during non-winter months. One MBBL tank is out of service for cleaning. Information used to manage sustainment of diesel fuel.

Figure 7.1.6: Consumption historically is 42,000 gal per day. Information used to manage sustainment of unleaded gasoline.

Figure 7.1.7: Target was determined jointly by the 505th QM Bn and USMC as 60%. Tank #639 is down, causing a low storage on hand for the Marine's tank farm (23% in Jun).

Figure 7.1.8: We are operating below maximum capacity pumping rates. However replace the monobuoy raise capacity from 6 MBBL/hr to 10 MBBL/hr, upgrade injection system capacity from 8 MBBL/hr to 10 MBBL/hr.

High Priority Sample Processed



Goal:	**Improve Combat Service Support**	KP/SP:	**KP6 – Provide Fuel**
Target:	**95%**	KBD:	**Optimize Resources**
Standard/Benchmark:	**HQDA Standard**	Customer:	**External**

Figure 7.1.9: Information monitors processing of high priority petroleum lab samples to insure on time proper specification.

Figure 7.1.10: Information provides data on the effectiveness of our cultural enrichment program by measuring participation. Our program director was not available during FY 98.

Figure 7.1.11: The effectiveness of our total family advocacy program is demonstrated in our high attendance of training.

Figure 7.1.12: Trend shows a high level of utilization of chapel services. Continued marketing of services and high level of chaplain presence at work locations has increased participation.

Figure 7.1.13: Customer satisfaction has decreased due to increased waiting time to resolve problems. Once the deployment of the Defense Message System is complete customer satisfaction should improve due to recent upgrades in service system.

Figure 7.1.14: Change in Response time is due to deployment of DMS/DNS. These systems will increase overall service capabilities and reliability when the Information Center had completes deployment of DMS/DNS.

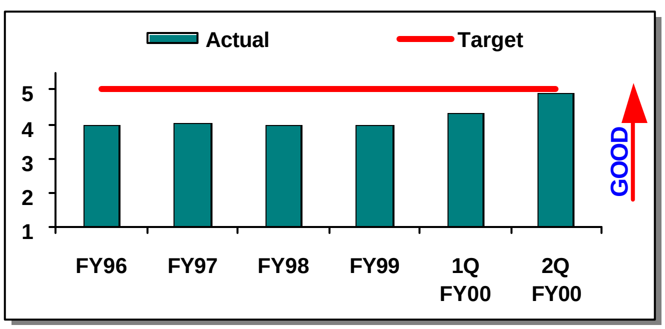
Figure 7.1.15: Our increased response time is due primarily to deployment of DMS (changing Network Interface Cards).

Figure 7.1.16: Public Works completion time for urgent service orders has remained below the HQDA standard. Our excellent preventive maintenance program directly impacts the small amount of urgent service orders received.

Figure 7.1.17: DPW continues to complete routine service orders in less than a third of the time required by HQDA standard.

Figure 7.1.18: The HQDA standard for occupancy rate is 89.71%. This percentage is based on all available beds for unaccompanied housing regardless of rank.

Coral Cove Customer Satisfaction



Goal:	**Provide 5-Star Services**	KP/SP:	**KP1 – MWR Services**
Target:	**Rating of 5**	KBD:	**Optimize Resources**
Standard/Benchmark:	**Customer Requirements**	Customer:	**Internal/External**

Figure 7.1.19: Dining facility overall customer's responses. Customers are asked to rate us on the quality of food, quality of service, and the courtesy of our employees. We value candidcomments on their experience at the club, so that we may better meet and hopefully exceed the needs of our patrons.

Figure 7.1.20: Through the use of Leisure Needs Survey we evaluate our customer's opinions of our post recreation services.

Figure 7.1.21: The Commander measures the OPTEMP of the command to properly balanced internal (USAR/ARNG/JCS) exercise requirements resulting in enhanced augmentation support and improved "go to war" inter-organizational relations.

Figure 7.1.23: The SJA and the Legal Assistance Attorney use this data to determine overall client satisfaction with legal assistance services. Review of customer comments allows the SJA and Legal staff to quickly identify any trends that need to be addressed.

Figure 7.1.24: The SJA and the Tax Coordinator use this data to determine overall client satisfaction with tax preparation services. Our Tax Assistance Program has been highly successful due to proactive training and our motivated volunteers.

Figure 7.1.25: The SJA uses this data to determine overall client satisfaction with claims filling services. Individual comments are reviewed to identify negative trends that need to be addressed.

Figure 7.1.26: SOD uses Work-orders Received vs Work-orders Completed to track and measure average completion rate. We have established, in the SAMS1 system, a weekly report that depicts how many are completed and measure our effectiveness.

Figure 7.1.27: This data is utilized to monitor vehicle availability to meet monthly requirements. Because we are diverse in our island wide locations and service area, availability of our vehicle fleet is paramount in delivering our products and services.

Figure 7.1.28: Service Members (SMs) receiving "Transition Assistance" 90 or more days before separation are considered to be in Compliance with Section 1142 Title 10 USC.

HQDA Board of Examiners feedback on the above example:

Overall customer satisfaction ratings for services and products provided by the 10th ASG are consistently rated high. Other customer service organizations at the 10th ASG have received consistently high satisfaction ratings over the last 3 to 5 years. The DOIM consistently at target for last 5 years, except for the period of time when system upgrades were being made. The Coral Cove has shown a consistent improvement trend from 4 to 5 (on a five point scale) over the past five years. The Quality of On-Post recreational services shows better results than the Army baseline for similar services. The Legal, Tax and Claims departments services have targets of 100% client satisfaction and met these targets in as of 3rd, FY00.

The Scuba Locker dive shop receives many referrals from non-Army, sister service customers even though these groups operate similar shops.

Performance data is presented for ASG organizations that produce a product or service. Generally all perform close to their target (many targets were at 100% performance numbers. For the F76 on-hand stock, projected pumping time, high priority sample processing time, community programs (# of cultural enrichment programs), time to resolve software and hardware trouble reports, urgent and routine service order requests, and vehicle available met/exceeded the target for FY 00 or showed solid improvement trends.

The most charts, customer satisfaction data displayed includes the supported ASG's goal, key product or service, targets, key business driver, and customer type. This demonstrates the ASB is exploiting the linkage between strategic and action planning, performance measures, processes, and results.

7.2 Financial Performance Results (50 pts.) [Results]

Summarize your organization's key financial and marketplace performance results, segmented by market and mission focus, as appropriate. Include comparative data.

Provide data and information to answer the following questions:

a. Financial Performance Results

(1) What are your current levels and trends in key measures and/or indicators of financial performance, including aggregate measures of financial return and/or economic value?

(2) What are your current levels and trends in key measures and/or indicators of marketplace performance and/or mission accomplishment, including program impact, market share/position, business growth, and new markets entered?

Notes:

N1. Responses to 7.2a(1) might include aggregate financial measures such as return on investment (ROI), measures of cost-benefit and cost effectiveness, budget and resource utilization indicators, and other fiscal responsibility, liquidity, and financial activity measures such as asset utilization, operating margins, profitability, profitability by market/customer segment, and value added per employee.

N2. For those organizations involved in market-type activities, key results presented in response to 7.2a(2) are often measured in terms of financial and market performance, as they are in private sector commercial activities.

N3. Item 7.2 should include only top-level results showing aggregate financial measures of overall organizational performance. These results are typically captured in performance goals and planning documents. For applicants whose strategic plans are part of a higher-level organization's strategic plan, Item 7.2 might address: (a) top-level results which contribute to achieving the parent organization's overall financial goals, and/or (b) locally developed goals and objectives which the (subordinate) applicant uses to guide and measure progress toward attainment of its own measures of overall financial performance.

N4. Responses to Item 7.2 might include financial measures used to link progress in meeting performance outcomes, and goals and objectives.

N5. New markets entered (7.2a(2)) might include offering Web-based services.

7.2 Financial Performance Results

Purpose

This Item addresses your organization's financial and market results, with the aim of understanding your marketplace challenges and opportunities.

Requirements

You are asked to provide levels, trends, and appropriate comparisons for key financial, market, and business indicators. Overall, these results should provide a complete picture of your financial and marketplace success and challenges.

Comments

Measures reported in this Item are those usually tracked by senior leadership on an ongoing basis to assess your organization's overall performance.

Appropriate measures of financial performance reported in Item 7.2a(1) might include return on investment, fiscal stewardship, cost/benefit and cost/effectiveness measures, liquidity and other appropriate financial activity measures.

Financial performance could also include measures of value accruing to clientele or mission in relation to budget levels, or aggregate value to the government for levels of budget resources.

Marketplace performance is intended primarily for those organizations that operate in a marketplace environment. Responses could include success in managing new products or services, business growth, new products and geographic areas entered

(e.g., e-commerce/government) and other key market-related measures, as appropriate.

Financial measures of mission accomplishment, including program impact would normally include outcomes, goals and objectives that are used by senior leaders to determine how well a program or activity is doing in achieving its intended financial objectives. These might also include measures useful to agency heads and other key stakeholders (Congress, Office of Management and Budget, the executive branch, public interest groups) in framing an assessment of a program or activity's financial health.

Example 7.2 (U.S. Army Engineering and Support Center, Huntsville, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

(NOT ALL CHARTS SHOWN)

7.2a Financial and Market Results

7.2a(1) Financial performance

Responding to our customers' concerns about costs (fig. 7.1-1), we changed the way we do business in order to improve our efficiency. Methods used for controlling costs include:

- Setting and reviewing performance, establishing goals, and taking corrective action in our Business Meetings and PRB's (1.1b(1) and table 1.1-1).
- Implementing a team structure (5.1a(1)).
- Educating the work force on cost of doing business.
- Eliminating and reclassifying overhead positions and supervisory levels (fig. 7.3-15).
- Emphasizing chargeability (figs. 7.2-13, -14).
- Ensuring adequate funding early (fig. 7.2-15).
- Establishing a Contracting Directorate (CT) overhead account (fig. 7.5-33).
- Monitoring workload and manpower use (figs. 7.2-6).

As a result, we have increased our efficiency significantly since 1995 as reported in table 7.2-1. This table is the highest level aggregate for corporate performance. These indicators track "efficiency at a glance." Figs. 7.2-1 through -16 are breakdowns of these indicators. Breakdowns are analyzed to the lowest levels and reviewed as explained in 1.1b and table 1.1-1. As explained in 4.1a(1), we use dollars as indicators for a present and future indicator of financial health, past and future indicator of productivity, present indicator of quality, leading indicator of competitiveness, and leading indicator of customer satisfaction.

Table 7.2-1. Aggregate of HNC Performance

Indicator	FY92-95	BALDRIGE	FY96-99	Change	FY 99 Only	Change
In-house % of total expenditures	11.3%		7.7%	32%	6.4%	43%
G&A	42%		28%	33%	24%	43%
Engineering TLM	2.8		2.40	14%	2.42%	14%
Workload/FTE (current dollars)	$735K		$1064 M	45%	$1356M	84%
TOTAL SAVNGS = $80.3 Million						

Fig. 7.2-1 shows the savings since we adopted the Baldrige criteria. Those savings total $80.3M in in-house savings alone, which equals the training budget for a mechanized infantry or armor division. In private industry that amount would equate to profit.

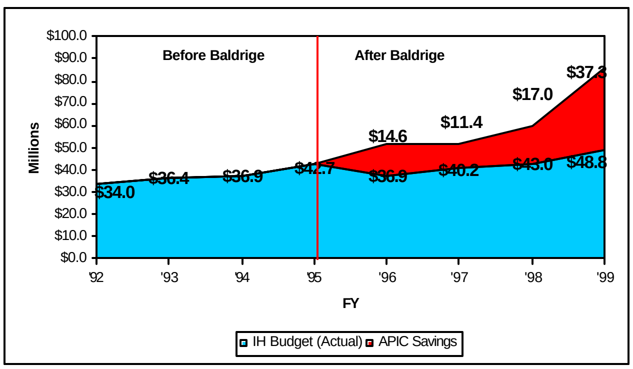


Fig. 7.2-1. Savings in In-House Operations

Fig. 7.2-2 shows the additional in-house cost to our customers if our work were done by similar providers.

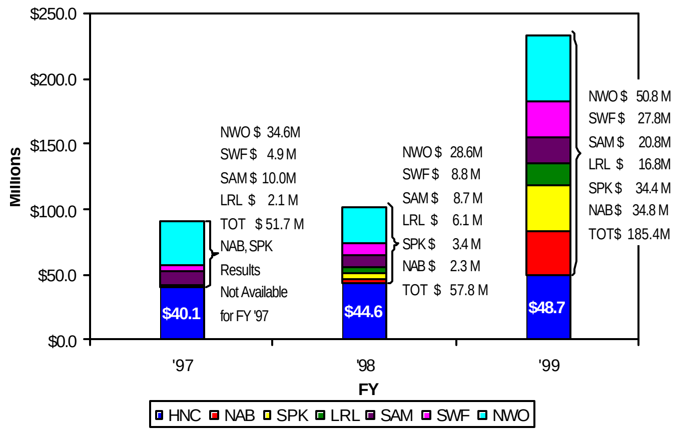


Fig. 7.2-2. Cost Comparison to Other Corps Elements

Fig. 7.2-3 shows expenditures against full-time equivalent (FTE) employees. While workload has grown our work force has remained fairly steady, indicating a rise in productivity.

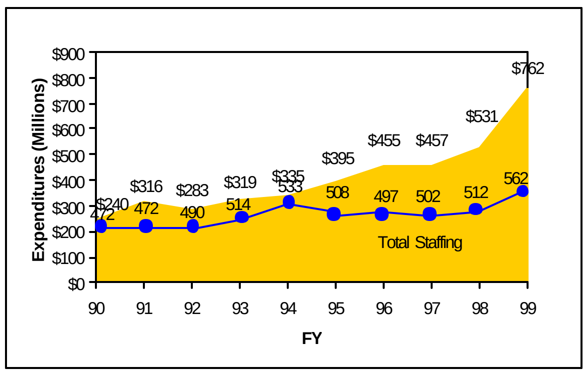


Fig. 7.2-3. Stress Chart

(Remaining charts not shown)

Fig. 7.2-4 shows that the initiatives we began in FY95 have enabled us to execute programs with a much smaller percentage of customers' money. We measure that efficiency as in-house percent of total expenditures. The slight increases in FY97 and FY98 are due to the costs of creating Chem Demil construction resident offices. Fig.7.2-5 compares our in-house percent of total expenditures to Corps military districts.

Fig. 7.2-6 shows our workload increasing since 1995. Workload per FTE between FY96-99 was 41% higher than between FY92-95, indicating significant gains in efficiency. Figs. 7.2-7a and b show that we have the highest workload compared to similar providers. We attribute our increased productivity, in part, to our teaming structure and our innovative O&M process.

Fig. 7.2-8 shows the downward trend in our general and administrative (G&A) overhead rates.

Total labor multiplier (TLM) is the indirect costs distributed to each direct labor dollar. Because TLM includes in-house labor, fringe benefits, G&A, departmental overhead, and base rate (fig. 7.2-11), it is one of our key efficiency indicators. The total hourly charge to a customer is calculated by multiplying the TLM by the basic hourly pay rate. Because TLM is an industry standard, we use it to compare our performance to similar providers. Figs. 7.2-9 and -10 show our design and P&PM TLM compared to major Corps military districts. Fig. 7.2-11 shows that since FY95 our engineering TLM dropped 17%, from 2.90 to 2.42, thus decreasing the hourly rate charged to our customers. Fig. 7.2-12 compares our design labor cost per hour compared to major design firms. Our low TLM helps us keep our hourly labor costs down.

Design chargeability, the rate at which we charge directly to project accounts, is linked to controlling overhead rates. Fig. 7.2-13 shows that since FY95, our rate has been consistently higher than the industry average. Fig. 7.2-13 shows that our chargeability improved from 58% in FY94 to 67% in FY99. Fig. 7.2-14 shows that we have the highest chargeability rate of key Corps military districts. We attribute our improved rates to our emphasis on obtaining project funds early in the fiscal year, thereby reducing charges to overhead and increasing direct charges by earlier work start dates as shown in fig. 7.2-15. By receiving our funds early, we can distribute work evenly across the fiscal year. That is one way we increase our efficiency.

Fig. 7.2-16 shows our month-by-month expenditures since FY94. The smoother the slope, the more even the work distribution, a factor that adds to our efficiency and high chargeability.

7.2a(2) Marketplace performance Since we are a reimbursable organization, our funding source is a customer base that is free to look elsewhere for products and services. Fig. 7.2-17 shows the ebb and flow of that base over time. Fig. 3 in the Overview shows our growth in responsibility. Throughout our history, in those areas which we are permitted to market (3.1a(1)), we maintain market share through our ability to offer customers more for their money, quality technical expertise, and responsive cycle time through innovative contracting processes.

Fig. 7.2-18 shows the growth trend for Chem Demil, OE, and Installation Support product lines. The large projected increase for Chem Demil is due to construction starts at three new sites. Because of the FY01 Chem Demil downturn identified during strategic planning, we are preparing a proposal for the two follow-on plants. The increase in Installation Support is due to the transfer of the Center for Public Works (CPW) mission (table 3.1-3). OE workload is projected to remain steady as we substitute advanced technology for our current processes. We also plan to migrate the less sophisticated and less dangerous work to Corps districts. In table 7.1-1, question 18, our customers indicated that 72.7% of our services would increase or remain the same over the next five years.

Fig. 7.2-19 shows our Medical and BMD growth trends since 1992.

Results for our operations plan action plans developed during strategic planning are reported in table 2.2-1, column 4, S*tatus*, and are measured for success as reported in table 4.1-1, Key Success Factors.

HQDA Board of Examiners feedback on the above example:

The organization has presented excellent aggregate data of financial performance over a seven year span. There is a substantial amount of data to support marketplace performance, market position, and business growth.

The organization collects and analyzes a variety of financial and productivity data. There is solid evidence of improving trends over time. Particularly noteworthy are increases in productivity (expenditure vs. full-time equivalent [FTE] employees, Figure 7.2-3) and downward trends in G&A overhead rates (Figure 7.2-8).

The organization displays multiple examples of performance indicators that relate to efficiency. These results are significant because they relate to actions the organization took to lower costs and improve their efficiency.

The organization displays a significant improvement in indicators based on cost and in-house operations savings as a result of the integration of Baldrige into the organization.

Positive trends are presented in terms of business growth as seen in Figures 7.2-17, 18, 19.

The financial results depicted are significant as not only are there trends over time, but also significant positive increases in customer value, and organizational performance.

7.3 Human Resource Results (75 pts.) [Results]

Summarize your organization's human resource results, including employee well being, satisfaction, development, and work system performance. Segment your results to address the diversity of your workforce and the different types and categories of employees, as appropriate. Include comparative data.

Provide data and information to answer the following questions:

a. Human Resource Results

(1) What are your current levels and trends in key measures and/or indicators of employee well being, satisfaction and dissatisfaction, and development?

(2) What are your current levels and trends in key measures and/or indicators of work system performance and effectiveness?

Notes:

N1. The results reported in this Item should address results from related activities described in Category 5. Your results should be responsive to key process needs described in Category 6, and organization's action plans and related human resource plans described in Item 2.2.

N2. For appropriate measures of employee well being and satisfaction (7.3a(1)), see Notes to Item 5.3. Appropriate measures/indicators of employee development might include innovation and suggestion rates, courses completed, learning, on-th-job performance improvements, and cross-training rates.

N3. Appropriate measures/indicators of work system performance and effectiveness (7.3a(2)) might include job and job classification simplification, job rotation, work layout, and changing supervisory ratios.

N4. For results reporting purposes, employees include the organization's permanent, temporary, and part-time personnel, as well as any contract employees supervised by the organization. Contract employees supervised by a contractor should be addressed in either Business and Support Processes (Item 6.2) as appropriate with results reported in Item 7.4.

7.3 Human Resource Results

Purpose

This Item addresses your organization's human resource results with the aim of demonstrating how well your organization has been creating and maintaining a positive, productive, learning, and caring work environment.

Requirements

You are asked to provide:

- current levels, trends, and appropriate comparisons for key measures and/or indicators of employee well being, satisfaction, dissatisfaction, and development; and

- data and information on the performance and effectiveness of your organization's work system.

Comments

Results reported could include generic or organization-specific factors. Generic factors might include safety, absenteeism, turnover, satisfaction, and complaints (grievances). For some measures, such as absenteeism and turnover, local or regional comparisons are appropriate.

Organization-specific factors are those you assess for determining your employees' well being and satisfaction. These factors might include extent of training or cross-training, or extent and success of self-direction.

Results measures reported for work system performance might include improvement in employee morale, job classification, job rotation, work layout, local decision making and improvements to mission support performance.

Results reported might include input data, such as extent of training, but the main emphasis should be on data that show effectiveness of outcomes.

Example 7.3 (10th Area Support Group, self-assessment for 2001 PQA Application)

Shows only a technique for assessment. This example does not represent a 100% Score:

(NOT ALL CHARTS SHOWN)

7.3 Human Resources Results.

These results illustrate our commitment to the best work force in the U.S. Army. The benefits of their productivity, as depicted in the charts in this section, are the outstanding quality of life programs and services that directly relate to employee well being. The genuine efforts of the command support result in the 5-Star performance of our employees. The pride of the command, our work force, consistently outperforms the competition-much to the delight of our customers.

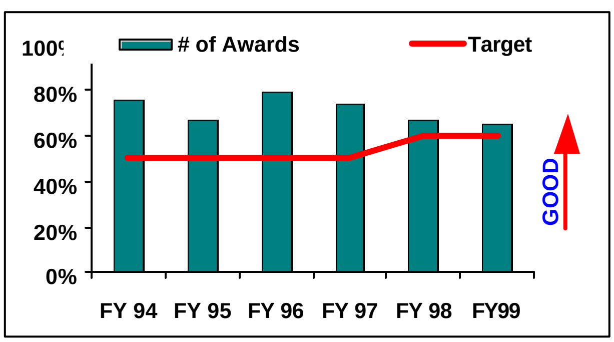
Figure 7.3.1: HQDA Standard is 10/1000 (includes soldiers and family members). HQDA Average is 17/1000 (chart reflects substantiated cases only). We don't want to reach our target of two per month and we will increase prevention efforts.

Figure 7.3.2: The numbers of volunteers and hours - served are significant. We credit a great amount of our success in our Army Community Service program to these dedicated, selfless individuals.

Figure 7.3.3: Over the last four years we have shown significant improvement in providing ADCAP training to our work force.

Figure 7.3.4: Increased command emphasis, a mature population, and extensive MWR programs contribute to our continued success.

DAC Cash Awards



Goal:	**Provide 5-Star Support**	KP/SP:	**KP2-Personnel Support**
Target:	**50% of DAC per year**	KBD:	**Increase Productivity**
Standard/Benchmark:	**Cmd Established**	Customer:	**Internal**

Figure 7.3.5: Formal recognition of excellent service reflects command appreciation of a dedicated and professional work force.

Figure 7.3.6: The number of JN work force who have received cash and honorary awards has consistently exceeded 10th ASG's goal. Formal recognition of excellent service reflects command appreciation of a dedicated and professional work force.

Figure 7.3.7: JN work force and DACs of the 10th ASG have a strong work ethic and are consistently below the maximum acceptable level of sick leave usage. We continue to monitor trends, and converse with employees about their jobs, well being, and satisfaction in their job.

Figure 7.3.8: We will encourage supervisors to send eligible employees to training classes that will enhance operations, as well as provide more, on-island, training for our JN work force.

Figure 7.3.9: The KAB Civilian Personnel Flight (CPF) filled our JN work force positions slightly above the target of 60 days. With the new Army regionalization and our own CPAC, we envision an overall improvement in our civilian personnel services.

Figure 7.3.10: Okinawa's injury rate continues to be considerably less than the Army's average. Our aggressive safety program and dedicated staff assure training and information is available to all.

Figure 7.3.11: Our EO program is an outstanding example for the entire Army and we intend to continue to sustain these superior results. Our EO Representatives play an active role in our overall Equal Opportunity success.

Figure 7.3.12: We continue to exceed all HQDA requirements for number of trained EO representatives through employees volunteering their time and service.

Figure 7.3.13: This data tracks the cumulative number of active formal complaints and the number of new and closed complaints. This information is used to access both the EEO climate and efficiency in resolving formal complaints.

Figure 7.3.14: We use this information to compare how the Army on Okinawa relates statistically to standards set by the Department of the Army and evaluate possible trends as they relate to seasons or to special events.

Figure 7.3.15: This data assists the Provost Marshal in detecting trends which allow for better selective enforcement techniques and informs the command if special programs such as "Arrive Alive" are working to lower DUIs.

Figure 7.3.16: This information shows trends and assists the Provost Marshal with proper Military Police distribution. Additionally we provide information to commanders on the importance of security and of marking valuable property.

Figure 7.3.17: This data is used to measure our dedication to ensuring deserving soldiers are rewarded prior to departing the unit. **Figure 7.3.18:** This data is used by the Commander to ensure the availability and professional proctoring of numerous DA level tests.

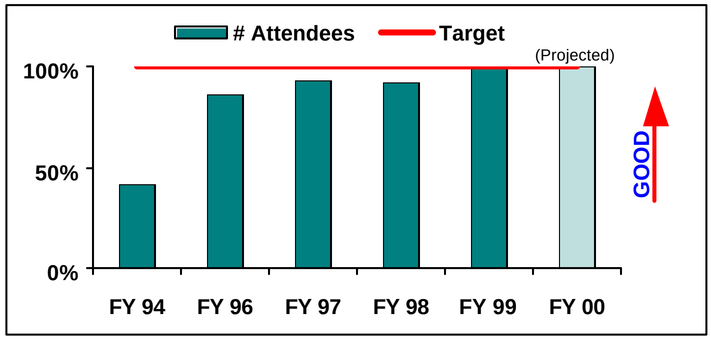
Figure 7.3.19: This data is used by the Commander to ensure MACOM compliance. Headstart is a unique program that encourages community involvement and stewardship.

Figure 7.3.20: This data is used by the Commander to ensure soldiers in the command are provided with an effective program for professional educational counseling and it's overall utilization.

Figure 7.3.21: This data is used by the Commander to monitor the 10th ASG's compliance with DA directives on soldier attendance at PLDC.

Figure 7.3.22: This data is used by the Commander to monitor regulatory compliance and to ensure enrollment, of all soldiers with General Testing (GT) scores of less than 100, for skills training.

Strategic Planning Workshop for Senior Leaders



Goal:	**Provide 5-Star Support**	KP/SP:	**KP2-TAQ Management**
Target:	**100% ESC Members**	KBD:	**Optimize Resources**
Standard/Benchmark:	**HQDA AR5-1**	Customer:	**Internal/External**

Figure 7.3.23: Our target of training 100% of our key leaders on strategic planning principles, information analysis, and the Army Performance Improvement Criteria was achieved during FY99. After two years of planning and training (FY98-FY99) our goal is to maintain this high standard.

HQDA Board of Examiners feedback on the above example:

The 10thASG presents data in 24 key areas that provide measures that indicate employee well being, satisfaction, dissatisfaction, and development. In 14 of the 24 areas listed, the command is performing at a higher success level that the target measurements and Department of the Army standards. Outstanding performance is found in Family Violence, volunteer service, DAC cash awards, Japanese National performance awards, Time to fill positions, number of injures, ADAPCP Training, Leadership training and Strategic Planning Conference participation and EO/EEO complaints.

7.4 Organizational Effectiveness Results (135 pts.) [Results]

Summarize your organization's key performance results that contribute to the achievement of organizational effectiveness. Include comparative data.

Provide data and information to answer the following question:

a. Operational Results

(1) What are your current levels and trends in key measures/indicators of the operational performance of key design, production, delivery, business, and support processes? Include productivity, cycle time, supplier/partner performance, and other appropriate measures of effectiveness and efficiency.

(2) What are your results for key measures/indicators of accomplishment of organizational strategy?

b. Public Responsibility and Citizenship Results

What are your results for key measures/indicators of regulatory/legal compliance and citizenship?

Notes:

N1. Results reported in 7.4a should address your key operational requirements and progress toward accomplishment of your key organizational performance goals as presented in the Organizational Profile and in Items 1.1, 2.2, 6.1, 6.2, and 6.3. Include results not reported in Items 7.1, 7.2, and 7.3.

N2. Regulatory and legal compliance results reported in 7.4b should address requirements described in Item 1.2.

N3. Results reported in Item 7.4 should provide key information for analysis (Item 4.1) and review (Item 1.1) of your organizational performance and should provide the operational basis for customer-focused results (Item 7.1) and financial and market results (Item 7.2).

7.4 Organizational Effectiveness Results

Purpose

This Item examines your organization's other key operational performance results, with the aim of achieving organizational effectiveness, attaining key organizational goals, and demonstrating good organizational citizenship.

Requirements

You are asked to provide:

- current levels, trends, and appropriate comparisons for key measures/indicators of operational and strategic performance that support the ongoing achievement of results reported in Items 7.1 through 7.3; and
- data and information on your organization's regulatory/legal compliance and citizenship.

Comments

This Item encourages your organization to develop and include unique and innovative measures to track business development and operational improvement. However, all key areas of business and operational performance should be evaluated by measures that are relevant and important to your organization.

Measures/indicators of operational effectiveness and efficiency might include reduced emission levels, waste stream reductions, by-product use, and recycling; internal responsiveness indicators such as cycle times, production flexibility, lead times, set-up times, and time to market; business-specific indicators such as innovation rates and increased use of e-technology, product/process yields, and delivery performance to request; supply chain indicators such as reductions in inventory and/or incoming inspections, increases in quality and productivity, improvements in electronic data exchange, and reductions in supply chain management costs; third-party assessment results such as ISO 9000 audits; and indicators of strategic goal achievement.

Measures should include environmental and regulatory compliance and noteworthy achievements in these areas, as appropriate. Results also should include indicators of support for key communities and other public purposes.

If your organization has received adverse actions under law, regulation, or contract during the past three years, the incidents and their current status should be summarized

Example 7.4 (10thArea Support Group, self-assessment for 2001 PQA Application)

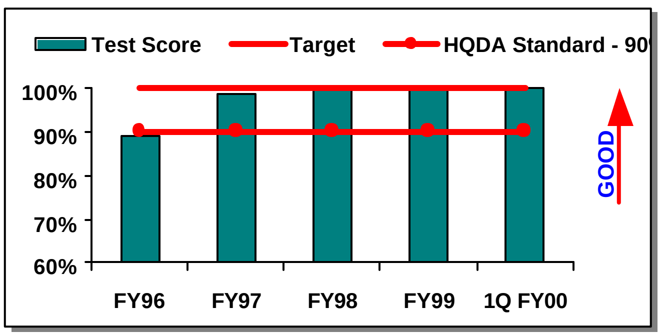
Shows only a technique for assessment. This example does not represent a 100% Score:

(NOT ALL CHARTS SHOWN. The example shown corresponds to the 2001 PQA Category 7.5)

7.5 Organizational Effectiveness Results

We continue to improve in developing innovative and new operational and internal measures that positively impact on both our customer satisfaction and our overall of prudent utilization of precious Army funds. This coupled with our sustainment of measurement procedures from previous years illustrates why we feel the 10th ASG is one of the finest organization in the Army. Our selection of data measurements demonstrates why we were winner of numerous awards in supply and maintenance and in a variety of other highly competitive areas.

Correlation Testing



Goal:	**Improve Combat Service Support**	KP/SP:	**KP6 – Provide Fuel**
Target:	**Goal is 100%**	KBD:	**Optimize Resources**
Standard/Benchmark	**HQDA – 90%**	Customer:	**External**

Figure 7.5.1: Since Sep 97 the 505th QM Bn has exceeded HQDA's goal of 90% of petroleum correlation testing. Test is administered to measure effectiveness of laboratory performance.

Figure 7.5.2: Since Feb 98 the 505th QM Bn has processed 95% or greater of all petroleum samples on time. The effectiveness of providing on-grade fuel directly affects the quality and performance of fuel provided to sister services.

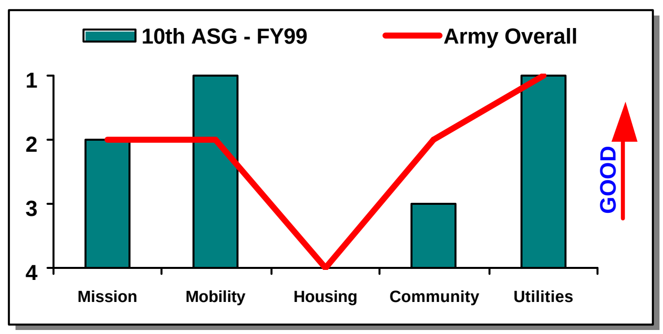
Figure 7.5.3: This measure reports number of persons attending worship services and religious education classes at Torii Chapel. Trend shows consistent high percentage of customer utilization.

Figure 7.5.4: Procedures have been implemented to review and dispose of excess materials through the SSA. From Mar to Jul 99 we have made significant improvement in turning in excess fringe items due to discover of an accounting error in the review of the tracking process and accountability.

Figure 7.5.5: This information provides data on the reportable Army motor vehicle mishap rate for the Army on Okinawa. No Mishaps is evidence of a functional Driver Safety program and a responsible employee attitude.

Figure 7.5.6: This data provides information on lost time due to POV accidents for personnel assigned to the Army on Okinawa. Professional driving is emphasized for safe driving and to continue to enjoy our positive host nation relations.

ISR Quantity of Facilities



Goal:	**Provide 5-Star Support**	KP/SP:	**KP9 – Facilities Management**
Target:	**Rating of "1"**	KBD:	**Optimize Resources**
Standard/Benchmark:	**HADA Standard**	Customer	**Internal/External**

Figure 7.5.7: The quantity of our facilities is measured annually utilizing the Installation Status Report (ISR). As indicated, we exceed the ARMY standards in providing facilities to meet mission and contingencies.

Figure 7.5.8: The quality of our facilities is measured annually utilizing the Installation Status Report (ISR). A project will be completed in FY00 to renovate single soldier billeting, which will improve our housing quality.

Figure 7.5.9: We have steadily improved our environmental compliance to exceed host nation governmental standards.

Figure 7.5.10: This data measures the percentage of Physical Fitness Qualification within HHC 10th Area Support Group, tracking overall readiness of our soldiers.

Figure 7.5.11: This data tracks the percentage of Weapons Qualification by the soldiers assigned to HHC 10th Area Support Group in meeting HQDA standards.

Figure 7.5.12: This chart indicates the percentage of reports submitted to HQDA on time. It is used to help us track our strengths and alerts us to potential weakness in processing evaluations.

Figure 7.5.13: This data tracks rate of OER's processed to HQDA within 90 days (formerly 60 days) of close of rating period.

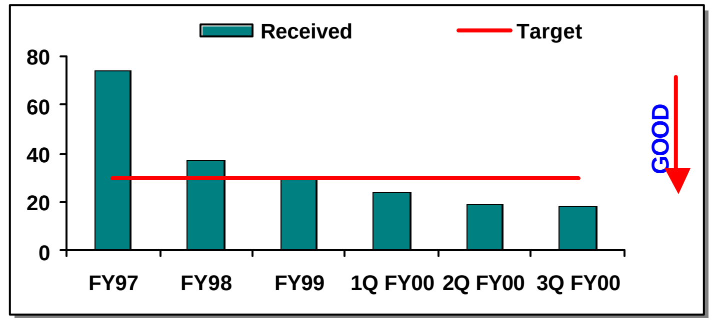
Figure 7.5.14: This slide depicts our physical security inspections which have remained at 100% since May 97. With the increased threat of terriost action world wide, protection of our resources and personnel are paramount.

Figure 7.5.15: This data tracks the number of days by month to complete Article 15 actions for soldiers assigned to Okinawa. Due to PCS/TDYs of staff in Jan and March 99, actions were delayed.

Figure 7.5.16: This data tracks the number of days to process chapter actions within the Army on Okinawa. Due to the high number of cases processed in May 99 and the PCS of our SJA officer, processing exceeded our goals.

Figure 7.5.17: This data tracks the percentage of Clothing Issue Facility (CIF) lines that are filled. It serves as a first line indicator of any potential CIF shortages.

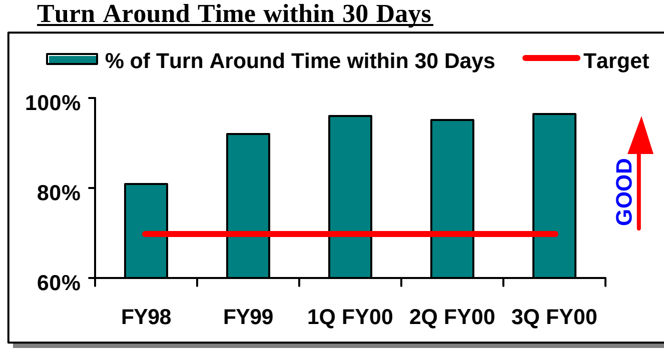
Backlog of Work Order Over 30 Days



Goal:	**Improve Combat Service Support**	KP/SP:	**KP12 – Maint. Services**
Target:	**30 days**	KBD:	**Increase Productivity**
Standard/Benchmark:	**SAMS-1 & SAMS-2 AHO-29**	Customer:	**Internal**

Figure 7.5.18: This SOD measure is taken from the SAMS-1 Production/backlog Status Report and the SAMS-2 AHO-029. Vehicles and equipment that are maintenance for over 30 days affects our ability to deliver products and services.

Turn Around Time within 30 Days



Goal	**Improve Combat Service Support**	KP/SP	**KP12 – Maint. Services**
Target:	**70%**	KBD:	**Increase Productivity**
Standard/Benchmark	**HQDA – 90%**	Customer:	**Internal**

Figure 7.5.19: SAMS 2 generates this measure each month. Establishing a start/completion time on work orders received for vehicle maintenance helps us track the entire process.

Figure 7.5.20: This chart provides data on training ammunition usage supporting weapons qualification and familiarization. This data is used by the Commander to efficiently manage allocated training ammunition, by quarter, throughout the FY.

ammunition usage supporting weapons qualification and familiarization. This data is used by the Commander to efficiently manage allocated training ammunition, by quarter, throughout the FY.

Figure 7.5.22: Data is used to determine the percentage of authorized stocks on hand. It acts as an indicator to force additional management of critical ASL lines when required.

Figure 7.5.23: This measure provides the percentage of ASL (demand supported and mission essential) lines that are at zero balance with due outs. We continue constant follow-up with higher headquarters to expedite due in stock for zero balance ASL items with due outs. We expeditiously process receipts to satisfy due out requirements.

HQDA Board of Examiners feedback on the above example:

There are 14 sets of results given for performance in key design, production or delivery. Of the 15 data sets presented, 8 reflect performance values, which exceed the target performance. These areas include Oil samples tested, Chapel Attendance, Excess Fringe items, Quantity of facilities, On Time NCOER/OER Processing, CIF Lines Filled, SOD Work Backlog, Vehicle Maintenance Turnaround, Training Ammunition, M9/40m Class V Usage, and ASL On-Hand Balance/Zero Balance w/Due Outs.

Key measures of regulatory/legal compliance and citizenship were reported for 8 processes. In 6 of the 8 areas performance indicated positive trends, with performance results better than the established target.

Positive results in the areas of customer service and satisfaction, process improvements, and employee data on well being all support the Key Products/Services of Logistics Support, Installation Support, and Contingency Support.

Preparing the Self-Assessment

The self-assessment process begins with the preparation of the Organization Profile. The Organization Profile provides a background and description of the key elements most important to the organization's mission and business. It is the foundation for answering the Criteria Items and the start point for the rest of the application. This foundation supports the linkage between the Approach/Deployment Categories and the Result Category. The Organization Profile describes:

- what is relevant and important to the applicant's mission and function
- the key factors influencing how the organization operates
- the organization's future direction

Scoring of Results Items relies heavily on how and if the Items are linked to the areas of importance identified in the Organizational Profile.

The Organization Profile is critically important because:

- It is ***<u>the most appropriate starting point for self-assessment</u>*** and for writing applications for PQA or ACOE. It helps you focus on key business or mission performance requirements and business results; and
- If the organization is applying for PQA or ACOE, examiners and judges use it in all stages of application review and during the site visit.

2001 Criteria Response Guidelines

The guidelines given in this section are offered to assist you in responding most effectively to the requirements of the 18 Criteria Items. The guidelines are presented in three parts:

- General Guidelines regarding the application page, including how the Items are formatted
- Guidelines for Responding to Approach/Deployment Items
- Guidelines for Responding to Results Items

General Guidelines

1. Read the entire APIC.

The main sections of the APIC provide an overall orientation to the Criteria, including how the organization's responses are to be evaluated for self-assessment or by Award Examiners. Organizations should be thoroughly familiar with the following sections:

- Performance Excellence Criteria and Descriptions
- Scoring System and Guidelines
- Glossary of Key Terms
- Category and Item Descriptions

2. Review the Criteria Item Format and understand how to respond to the Item requirements.

Each Item is classified either (Approach-Deployment) or (Results), depending on the type of information required. Guidelines for responding to Approach/Deployment Items are given on pages 110-111. Guidelines for responding to Results Items are given on pages 111-112.

Item requirements are presented in question format, sometimes with modifying statements. Item responses should contain answers to all questions and modifying statements, however, each question need not be answered separately. Responses to multiple questions within a single Area to Address may be grouped, if appropriate. Ensure the basic item purpose is completely addressed within your response.

3. Start by preparing the Organizational Profile.

The Organizational Profile is the most appropriate starting point for writing an application. The Organizational Profile is intended to help everyone, including organizations using the Criteria for self-assessment, application writers, and reviewers, to understand what is most relevant and important to your organization's business and to its performance. The questions to address in responding to the Organizational Profile are on pages 14-15.

Guidelines for Responding to Approach/Deployment Items

Although the Criteria focus on key performance results (Category 7), these results by themselves offer little diagnostic value. For example, if results are poor in some areas or improving at rates slower than other similar programs, it is important to understand *why* this is so and *what* might be done to accelerate improvement.

The purpose of the Approach/Deployment Items is to permit diagnosis of the applicant's most important processes—those that offer the greatest potential that yield organizational improvement and contribute to key performance results. Organizational assessment feedback depends heavily upon the content and completeness of Approach/Deployment Item responses. For this reason, it is important to respond to these Items by providing your key process information. Guidelines for organizing such information follow.

1. Understand the meaning of "how."

Approach-Deployment Items include questions that begin with the word "how." Responses should outline key process information such as methods used, measures of progress and assessment, how the approach is deployed, and evaluation/improvement factors. These responses should be designed to permit the reader to gain an understanding of the key operating factors of the approach—that is, how it functions on a continuing, systematic and day-to-day basis. Responses lacking such information, or merely providing examples, are referred to in the Scoring Guidelines as anecdotal information.

2. Understand the meaning of "what."

Two types of questions in Approach-Development Items begin with the word "what." The first type of question requests basic information on key processes and how they work. Although it is helpful to include *who* performs the work, merely stating *who* does not permit diagnosis or feedback. The second type of question requests information on *what* your key findings, plans, objectives, goals, or measures are. These questions set the context for showing alignment in your performance management system. For example, when you identify key strategic objectives, your action plans, human resource development plans, some of your results measures, and results reported in Category 7 should be expected to relate to the stated strategic objectives.

3. Write and review response(s) with the following guidelines and comments in mind.

- **Show that activities are systematic**. Approaches that are systematic are repeatable and use data and information so that improvement and learning are possible. In other words, approaches are systematic if they build in the opportunity for evaluation and learning and thereby permit a gain in maturity. Systematic approaches are carried out continuously over time, with built-in cycles for improvement. Responses should describe the "system". Systematic approaches, over time permit continuous learning, improvement, and maturity. Examples or anecdotal accounts are considered insufficient responses.
- **Show deployment**. Deployment information should summarize what is done in different parts of your organization. Responses should provide information to clearly indicate the extent to which approaches are deployed to appropriate units within the organization. If information is provided regarding an activity or approach in only one part of the organization, evaluators will assume it is isolated to that unit. An effective technique to show deployment compactly is the use of summary tables that outline what is accomplished in different parts of the organization. Where tables are used, they should be supported by a summary of the basic approach in the accompanying narrative.
- **Show focus and consistency**. There are four areas where focus and consistency are critical and should be evident: (1) the Organization Profile should clearly state what is important to the organization; (2) the Strategic Planning Category, including strategy and action plans, should highlight the areas of greatest focus and describe how deployment is accomplished; (3)

descriptions of organization-level analysis (Item 4.1 and 1.1) should show how the organization analyzes and reviews performance information to set priorities; and (4) the Process Management Category should highlight processes that are key to overall performance. *Showing focus and consistency in the Approach-Deployment Items and tracking corresponding measures in the Results Items should improve business performance.*

- **Respond fully to Item requirements.** Missing information will be interpreted as a gap in approach and/or deployment. All areas to Address should be addressed. Individual components of an Area may be addressed individually or together.

4. Cross-reference when appropriate.

As much as possible, each Item should be self-contained. However, responses to different Items might be mutually reinforcing. It is then appropriate to refer to the other responses rather than to repeat information. In such cases, key process information should be given in the Item requesting the information. For example, employee education and training should be described in detail in Item 5.2. Discussions about education and training elsewhere in your application would then reference but not repeat details given in your Item 5.2 response.

5. Use a compact format.

Applicants are encouraged to use flow charts, tables, and "bulleted" presentation of information.

6. Show that Items are systematically related to one another.

It is important to realize that each of the seven categories is viewed as a linked system and not separate compartments. Approach/Deployment Items should reflect an overall and integrated management system rather than isolated processes. Accordingly, responses should indicate how Approach/Deployment Items reinforce and support other closely linked Items, where appropriate. (Refer to the notes under each Criteria Item for key linkages.

7. Refer to the Scoring Guidelines

Criteria Item responses are evaluated by reviewing the Item requirements and the maturity of the approaches, breadth of deployment, alignment with other elements of your performance management system, and strength of the improvement process relative to the Scoring Guidelines. Therefore, Criteria users need to consider both the Criteria and the Scoring Guidelines.

Guidelines for Responding to Results Items

The Criteria places the greatest emphasis on results. The following information and guidelines relate to effective and complete reporting of results.

1. Focus on the most critical business results.

Results reported should cover the most important requirements for business success. These requirements and key processes are highlighted in the Organization Profile and the Strategic Planning Category.

2. Note the meaning of the four key requirements from the Scoring Guidelines for effective reporting of results data:

- *Trends* to show directions of results and rates of change.
- *Performance* levels on a meaningful measurement scale.
- *Comparisons* to show how results compare with those of other, appropriately selected organizations.
- *Breadth and importance of results* should show that all important results are included.

3. Include trend data covering actual periods for tracking trends.

Trend data should be provided whenever appropriate and possible. However, because of the importance of showing focus and deployment, new data should be included even if trends and comparisons are not yet well established. No minimum time is specified for trend data. Time periods might span five years or more for some results.

4. Use a compact format - graphs and tables.

Make every effort to provide key information in a concise and compact form. One way to accomplish this is by using graphs and tables. Label graphs and tables for easy interpretation. Results over time or compared with others should be "normalized"—presented in a way (such as use of ratios) that takes into account various size factors. For example, if an organization's work force has been declining, reporting safety results in terms of accidents per 100 employees would permit more meaningful trend data than total accidents.

5. Integrate results into the body of the text.

When the response uses graphs or tables, describe the results in the body of the text in summary form. Present the text close to the graphical or table information. Use figure numbers that correspond to Item numbers. For example, the third table providing information for Item 6.1 might be captioned Table 6.1-3. *Trends that show a significant positive or negative change should be explained.*

Page Limit

An APIC self-assessment has no page limit. If an organization is using the APIC to submit an application for the ACOE or PQA Award programs, please review the program's page limit and other format requirements.

Scoring Guidelines

SCORE	Approach - Deployment
0%	▪ no systematic approach evident; information is anecdotal.
10% to 20%	▪ beginning of a systematic approach to the basic purposes of the Item, is evident. ▪ major gaps exist in deployment that would inhibit progress in achieving the basic purposes of the Item. ▪ early stages of a transition from reacting to problems to a general improvement orientation are evident.
30% to 40%	▪ an effective, systematic approach, responsive to the basic purposes of the Item, is evident. ▪ approach is deployed, although some areas or work units are in early stages of deployment. ▪ beginning of a systematic approach to evaluation and improvement of basic Item processes is evident.
50% to 60%	▪ an effective, systematic approach, responsive to the overall purposes of the Item, is evident. ▪ approach is well-deployed, although deployment may vary in some areas or work units. ▪ a fact-based, systematic evaluation and improvement process is in place for improving the efficiency and effectiveness of basic Item processes. ▪ approach is aligned with basic organizational needs identified in the other Criteria Categories.
70% to 80%	▪ an effective, systematic approach, responsive to the multiple requirements of the Item, is evident. ▪ approach is well-deployed, with no significant gaps. ▪ a fact-based, systematic evaluation and improvement process and organizational learning/sharing are key management tools; clear evidence of refinement and improved integration as a result of organizational-level analysis and sharing. ▪ approach is well-integrated with organizational needs identified in the other Criteria Categories.
90% to 100%	▪ an effective, systematic approach, fully responsive to all the requirements of the Item, is evident. ▪ approach is fully deployed without significant weaknesses or gaps in any areas or work units ▪ a very strong, fact-based, systematic evaluation and improvement process and extensive organizational learning/sharing are key management tools; strong refinement and integration, backed by excellent organizational-level analysis and sharing, are evident. ▪ approach is fully integrated with organizational needs identified in the other Criteria Categories.

Note: Bands like 10% to 20% are a scoring range - Individual examiners normally assign scores using multiples of 10 - and averaging (example-20%, 30% and 30% results in a 26.6% for the item score.

SCORE	Results
0%	▪ no results or poor results in areas reported
10% to 20%	▪ some improvements and/or early good performance levels in a few areas. ▪ results not reported for many to most areas of importance to the organization’s key business requirements.
30% to 40%	▪ improvements and/or good performance levels in many areas of importance to the organization’s key business requirements. ▪ early stages of developing trends and obtaining comparative information are evident. ▪ results reported for many to most areas of importance to the organization’s key business requirements.
50% to 60%	▪ improvement trends and/or good performance levels reported for most areas of importance to the organization’s key business requirements. ▪ no pattern of adverse trends and no poor performance levels in areas of importance to the organization’s key business requirements. ▪ some trends and/or current performance levels — evaluated against relevant comparisons and/or benchmarks — show areas of strength and/or good to very good relative performance levels. ▪ business results address most key customer, market, and process requirements.
70% to 80%	▪ current performance is good to excellent in areas of importance to the organization’s key business requirements. ▪ most improvement trends and/or current performance levels are sustained. ▪ many to most trends and/or current performance levels — evaluated against relevant comparisons and/or benchmarks — show areas of leadership and very good relative performance levels. ▪ business results address most key customer, market, process, and action plan requirements.
90% to 100%	▪ current performance is excellent in most areas of importance to the organization’s key business requirements. ▪ excellent improvement trends and/or sustained excellent performance levels in most areas. ▪ evidence of industry and benchmark leadership demonstrated in many areas. ▪ business results fully address key customer, market, process, and action plan requirements.

Glossary of Key Terms

This Glossary of Key Terms defines and briefly describes terms used throughout the Criteria booklet that are important to performance management.

Action Plans

Action plans refer to specific actions that respond to short- and longer-term strategic objectives. Action plans include details of resource commitments and time horizons for accomplishment. Action plan development represents the critical stage in planning when general strategies and goals are made specific so that effective, organization-wide understanding and deployment are possible. In the Criteria, deployment of action plans includes creation of aligned measures for work units. Deployment might also require specialized training for some employees for recruitment of personnel.

An example of an action plan element for a government organization supplying goods and services in competition with private-sector suppliers might be to develop and maintain a price leadership position. Deployment should entail the design of efficient processes, analysis of resource and asset use, and creation of related measures of resource and asset productivity, aligned for the organization as a whole. It might also involve the use of an accounting system that tracks activity-level cost information to support day-to-day work. Unit and/or team training should include priority setting based upon costs and benefits. Organization-level analysis and review would emphasize overall productivity growth. Ongoing competitive analysis and planning should remain sensitive to technological and other changes that might greatly reduce operating costs for the organization or its competitors.

Alignment

Alignment refers to unification of goals throughout the organization and consistency of processes, information, resource decisions, actions, results, analysis, and learning to support key organization-wide goals. Effective alignment requires a common understanding of purposes and goals and use of complementary measures and information to enable planning, tracking, analysis, and improvement at three levels: the organization level, the key process level, and the work unit level.

Analysis

Analysis refers to an examination of facts and data to provide a basis for effective decisions. Analysis often involves the determination of cause-effect relationships. Overall organizational analysis guides process management toward achieving key business results and toward attaining strategic objectives.

Despite their importance, individual facts and data do not usually provide an effective basis for actions or setting priorities. Actions depend upon an understanding of relationships derived from analysis of facts and data.

Approach

Approach refers to how an organization addresses the APIC Item requirements, i.e., the methods and processes used by the organization. Approaches are evaluated on the basis of the appropriateness of the approach to the Item requirements, effectiveness of their use, and their alignment with organizational needs. For further description, see the Scoring System on pages 113-114.

Comparisons – Benchmarking and Competitive Comparisons

Benchmarking is the process of systematically comparing and measuring products, services, and processes against "best practices," "best-in class" achievements, and performance of similar activities, inside or outside the Army or government. At its essence, benchmarking involves systematically looking at proven ways to provide better customer service and adapting these ways to an organization's operations. It turns the "not-invented-here" philosophy on its head by focusing on the best practices of other organizations.

Competitive Comparisons refer to examining an organization's current processes against effective processes of other organizations that are competitors in the organization's markets, or with similar missions or functions in the Army or government. Competitive Comparisons often are less systematic and rigorous than Benchmarking, and without detailed exploration of the differences in underlying methods.

Customers

External customers are those who use or are directly affected by the organization's products or services – those for whom the organization is in business. They can be grouped into classifications according to their relationship to the government as a supplier: voluntary, entitled and compelled users of the organization's products and services. Voluntary users choose to use the product/service, such as visitors to national parks and users of government statistics. Entitled users have an automatic legal right to benefit from the program, such as recipients of social security benefits and users of veterans' hospitals. Compelled users fall under the jurisdiction of government programs that are prescriptive in nature, where punitive action can be taken if users do not comply (e.g., prison inmates and taxpayers).

Internal customers refer to employees within the organization who receive goods and services produced elsewhere in the organization and act upon them in the production chain, ultimately leading to the organization's final output of goods and services.

Cycle Time

Cycle time refers to responsiveness and completion time measures – the time required to fulfill commitments or to complete tasks.

Time measurements play a major role in the Criteria because of the great importance of time performance to improving performance and competitiveness. Cycle time and related terms are used in the Criteria to refer to all aspects of time performance. Cycle time improvement could include time to market, order fulfillment time, delivery time, changeover time, customer response times, and other key measures of time.

Deployment

Deployment refers to the extent to which an organization's approach is applied to the requirements of an APIC Item. Deployment is evaluated on the basis of the breadth and depth of the application of the approach throughout the organization. For further description, see the Scoring System on pages 113-114.

Empowerment

Empowerment refers to giving employees the authority to make decisions and take actions. Empowerment results in decisions being made closest to the "front line," where work-related knowledge and understanding reside.

Empowerment is aimed at enabling employees to satisfy customers on first contact, to improve processes and increase productivity, and to better the organization's business results. Empowered employees require information to make appropriate decisions; thus, an organizational requirement is to provide that information in a timely and useful way.

High Performance Work

High performance work refers to work approaches used to *systematically* pursue ever higher levels of overall organizational and human performance, including quality, productivity, innovation rate, and cycle time performance. High performance work results in improved service for customers and other stakeholders.

Approaches to high performance work vary in form, function, and incentive systems. Effective approaches frequently include cooperation between management and the work force, which may include work force bargaining units; cooperation among work units, often involving teams; self-managed/self-directed authority (sometimes called empowerment); individual and organizational skill building and learning; learning from other organizations; flexibility in job design and work assignments; an organizational structure with minimum layering ("flattened") where decision-making is decentralized and decisions are made closest to the "front line," and regular use of performance measures, including comparisons. Some high performance work systems use monetary and non-monetary incentives based upon factors such as organizational performance, team and/or individual contributions, and skill building.

Also, some high performance work approaches attempt to align the design of organizations, work, jobs, employee development, and incentives.

Innovation

Innovation refers to making meaningful change to improve products, services, and/or processes and create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, or product that is considered new or new to its proposed application. Successful organizational innovation is a multi-step process that involves development and knowledge sharing, a decision to implement, implementation, evaluation, and learning. Although innovation is often associated with technological innovation, it is applicable to all key organizational processes that would benefit from change, whether through breakthrough improvement or change in approach or outputs.

Leadership System

Leadership System refers to how leadership is exercised throughout the organization – the basis for the way that key decisions are made, communicated, and carried out. It includes structures and mechanisms for making decisions and reinforcing values, expectations, and behaviors. It also includes the formal and informal bases and mechanisms for leadership development used to select leaders and managers, to develop their leadership skills, and to provide guidance and examples regarding behaviors and practices.

An effective leadership system creates clear values respecting the capabilities and requirements of employees and organization stakeholders, and sets high expectations for performance and performance improvement. It builds loyalty and teamwork based upon the values and the pursuit of shared purposes. It encourages and supports initiative and risk taking, subordinates organization to purpose and function, and minimizes reliance on chains of command that require long decision paths. An effective leadership system includes mechanisms for the leaders' self-examination, receipt of feedback, and improvement.

Measures and Indicators

Measures and indicators refer to numerical information that quantifies (measures) input, output, and performance dimensions of processes, products, services, and the overall organization (outcomes). Measures and indicators might be simple (derived from one measurement) or composite.

The Criteria do not make a rigid distinction between measures and indicators. However, some users of these terms, and portions of the Criteria, use the term indicator: (1) when the measurement relates to performance, but is not a direct measure of such performance (e.g., the number of complaints is an indicator of dissatisfaction, but not a direct measure of it); and (2) when the measurement is a predictor ("leading indicator") of some more significant performance (e.g., increased customer satisfaction might be a leading indicator of market share gain).

Performance

Performance refers to outcome results obtained from processes, products, and services that permit evaluation and comparison relative to goals, standards, past results, and other organizations. Most commonly, the results address quality, efficiency and time, and might be expressed in non-financial and financial terms.

The Criteria addresses four types of organization performance: (1) customer-focused, including key product and service performance, (2) financial, (3) operational, including product and service quality, and (4) mission/program.

Customer-focused performance refers to performance relative to measures and indicators of customers' perceptions, reactions, and behaviors. Examples include customer retention, complaints, customer survey results, and changes in demand for products and services. Customer-related performance generally relates to the organization as a whole.

Financial and marketplace performance refers to performance using measures of cost and revenue, including asset utilization, asset growth, value-added per employee, cost savings and cost avoidances. Financial measures are generally tracked throughout the organization and are also aggregated to give organization-level, composite measures of performance. Examples are return on investment and return on assets.

Operational performance refers to performance relative to effectiveness and efficiency measures and indicators. Examples include cycle time, productivity, waste reduction, regulatory compliance, and community involvement. Operational performance might be measured at the work unit level, the key process level, and the organizational level.

Product and service quality performance refers to performance relative to measures and indicators of product and service requirements derived from customer preference information. Examples include reliability, on-time delivery, defect levels, and service response time. Product and service quality performance generally relates to the organization as a whole.

Mission/program performance refers to non-financial measures used to assess the organization's success in achieving its intended purposes, goals and objectives. As with financial performance measures, they generally are tracked throughout the organization and are also aggregated to give organization-level, composite measures of performance.

The Criteria also address supplier performance, which refers to measures of: (1) supplier and partner-provided goods and services used by the organization in developing its final goods and services, and (2) services provided by contractor employees working within the organization, but supervised by the contractor.

Performance Goal

Performance goal refers to a target level of performance expressed as a tangible, measurable objective against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate.

Process

Process refers to linked activities with the purpose of producing a product or service for a customer (user) within or outside the organization. Generally, processes involve combinations of people, machines, tools, techniques, and materials in a systematic series of steps or actions.

In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps.

In many service situations, particularly when customers are directly involved in the service, process is used in a more general way to spell out what must be done, possibly including a preferred or expected sequence. If a sequence is critical, the service needs to include information to help customers understand and follow the sequence. Service processes involving customers require guidance to the servers on handling contingencies related to differing circumstances and to customers' actions or behaviors.

In some cases, such as strategic planning, research, development, and analysis, process does not necessarily imply formal sequences of steps. Rather, process implies general understanding regarding competent performance, such as timing, options to be included, evaluation, and reporting. Sequences might arise as part of these understandings.

Productivity

Productivity refers to measures of efficiency of the use of resources.

Although the term is often applied to single factors such as manpower (labor productivity), machines, materials, energy, and capital, the productivity concept applies as well to the total resources used in producing outputs. Overall productivity, usually called total factor productivity, is determined by combining the productivity of the different resources used for an output. The combination usually requires taking a weighted average of the different single factor productivity measures, where the weights typically reflect costs of the resources. The use of an aggregate measure such as total factor productivity allows a determination of whether or not the net effect of overall changes in a process, possibly involving resource tradeoffs, is beneficial.

Effective approaches to performance management require understanding and measuring single-factor and total-factor productivity, particularly in complex cases when there are a variety of costs and potential benefits.

Results

Results refer to outcomes achieved by an organization in addressing the purposes of a Criteria Item. Results are evaluated on the basis of current performance; performance relative to appropriate comparisons; rate, breadth, and importance of performance improvements; and the relationship of results measures to key organizational performance requirements. For further description, see the Scoring System on pages 113-114.

Senior Leaders

Senior leaders refer to an organization's senior management group or team. In many organizations, this consists of the head of the organization and his or her direct reports.

Stakeholders

Stakeholders refer to all groups that are or might be affected by an organization's actions and success. Examples of key stakeholders include customers, employees, partners, stockholders, and local/professional communities.

Strategic Objectives

Strategic objectives refer to an organization's articulated aims or responses to address major change/improvement, competitiveness issues, and/or business advantages. Strategic objectives generally are focused externally and relate to significant customer, market, product/service, or technological opportunities and challenges. Broadly stated, they are what an organization must achieve to remain or become competitive. Strategic objectives set an organization's longer – term directions and guide resource allocations and redistributions.

See the definition of *action plans* on page 117 for the relationship between strategic objectives and action plans, and for an example of each.

Strategic Planning

Strategic planning refers to the process of setting strategic directions and determining key action plans, and for translating plans into an effective performance management system. The process leads to establishment of general goals and objectives, including outcome-related goals and objectives for the major functions and operations of the organization, and for establishment of annual performance goals linked to the general goals and objectives. It addresses: (1) how the goals and objectives are to be achieved, including operational processes, skills and technology, and human capital; (2) information and other resources required to meet those goals and objectives; (3) key factors external to the organization and beyond its control that could significantly affect the achievement of the general goals and objectives; and (4) how evaluations are used in establishing or revising goals and objectives. The term “Strategic Planning,” as used in the Criteria, is consistent with the requirements established by the Government Performance and Results Act

Systematic

Systematic refers to approaches that are repeatable and use data and information so that improvement and learning are possible. In other words, approaches are systematic if they build the opportunity for evaluation and learning, and thereby permit a gain in maturity. As organizational approaches mature, they become more systematic and reflect cycles of evaluation and learning. For use of the term, see the Scoring Guidelines on pages 115-116**.**

Value

Value refers to the perceived worth of a product, service, process, asset, or function relative to cost and relative to possible alternatives.

Organizations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various product and service combinations to customers. Organizations seek to understand what different stakeholder group's value and then deliver value to each group. This frequently requires balancing value for customers and other stakeholders, such as employees and the community.

MALCOLM BALDRIGE, PRESIDENTIAL QUALITY AND ARMY PERFORMANCE IMPROVEMENT AWARDS 2001

"CLIFFNOTES" for Leaders

Developed by US Army CERL and SMID

1.0 LEADERSHIP

1.1 Organizational Leadership

How well senior leaders guide the organization in setting directions and in reviewing the organization's performance. Leaders accomplish this by:

- setting, communicating, & deploying the organization's values & performance expectations;
- communicating the importance of creating value for the customer and balancing value for the customer & other stakeholders;
- creating an environment within the organization for empowerment & innovation;
- encouraging organizational & employee learning; and
- reviewing the organization's performance to assess its "health" and its progress relative to established performance goals; and using performance review findings, along with employee feedback, to improve their leadership effectiveness.

1.2 Organization Responsibility & Citizenship

How the organization addresses its responsibilities to the public and how it practices good citizenship. Leaders facilitate this by:

- translating the goals and standards for public responsibility and corporate citizenship into operational policies and procedures (anticipating the public's concern with current & future products/services & operations);
- making legal requirements and risks factors (risks associated with your products/services and operations) an integral part of performance measurement and improvements;
- ensuring ethical business practices in all stakeholder interactions; and
- identifying the organization's "key communities" and determining areas of emphasis for organizational involvement & support in these communities.

2.0 STRATEGIC PLANNING

2.1 Strategy Development

The process the organization uses to develop strategies that will strengthen its performance and enhance its competitiveness. This is accomplished by:

- addressing all key influences, challenges, and requirements that might affect the organization's future opportunities and directions;
- taking into account risks such as: financial, market place, societal, and others;
- identifying current & future requirements of customers and the market;
- considering the organization's human resource, operational, and supplier and/or partner capabilities & needs; and
- using this information to develop goals and strategies for the organization with an established timetable for accomplishing each goal.

2.2 Strategy Deployment

This involves how the organization's strategic objectives are translated into action plans and how these plans are deployed. It includes key performance requirements and measures, and an outline of related human resource requirements and plans. The approach for this includes:

- ❖ developing action plans (short and long-term) derived from the organization's strategies;
- ❖ communicating and deploying the strategic objectives/requirements, action plans, and performance measures & indicators to achieve overall organizational alignment;
- ❖ determining how the performance of these plans will be tracked; and
- ❖ developing a two- to five-year projection of the organization's performance in key business areas with respect to its competitors or benchmarks.

3.0 CUSTOMER FOCUS

3.1 Customer and Market Knowledge

How the organization determines its short- and longer-term requirements and expectations, and how it uses the preferences of its customers and the market to anticipate needs, and develop business opportunities. Specifically it accomplishes this by:

- ❖ targeting customers, and customer groups;
- ❖ identifying customers requirements and priorities;
- ❖ segmenting customers by market or group, or other categories (approaches to listening and learning may vary per category group);
- ❖ determining key requirements & drivers of purchase decisions for current & potential customers;
- ❖ continuously evaluating and improving its methods of determining its customers requirements;
- ❖ determining and projecting the key product and service features, and their relative importance and/or value to the customer; and
- ❖ using information from former customers and markets, to enhance its product and service features.

3.2 Customer Relationships and Satisfaction

How the organization determines the satisfaction of its customers, and builds relationships to retain current business and develop new opportunities. Organizations facilitate this by:

- ❖ having a process in place that makes it easy for customers to seek information or assistance about the organization's products and/or services, or to voice a complaint;
- ❖ determining the requirements and priorities of the customer, and relaying those requirements to all employees who are involved in meeting those requirements;
- ❖ being timely in resolving customer complaints and using the information gathered from the complaints to make organizational improvements;
- ❖ regaining the confidence of dissatisfied customers;
- ❖ receiving positive referrals from customers;
- ❖ obtaining objective information on customer satisfaction levels relative to the organization's competitors; and
- ❖ ensuring that the organization maintains an overall positive relationship with its customers.

4.0 INFORMATION AND ANALYSIS

4.1 Measurement and Analysis of Organizational Performance

How the organization maintains an effective performance measurement system for understanding, aligning, and improving its performance at all levels within the organization. It does this by:

- selecting, managing and using a variety of financial & non-financial data & information in support of organizational planning and performance improvement;
- selecting measures and indicators for tracking its daily operations and overall organizational performance;
- deploying performance measures throughout the organization to track work group and/or functional level performance;
- selecting competitive comparisons and benchmarks to drive performance improvements;
- ensuring that data is accurate & reliable; and
- ensuring the organization's performance measurement system is kept current with its business needs and strategies.

4.2 Information Management

How the organization ensures the quality and availability of needed data and information for your key users: employees, suppliers/partners, and customers. This involves:

- reviewing how the organization makes data and information available and accessible for the user communities;
- ensuring that hardware systems and software are reliable and user friendly; and
- reviewing how the organization keeps its data availability mechanisms, software and hardware current with changing business needs and directions .

5.0 HUMAN RESOURCE FOCUS

5.1 Work Systems

How the organization's work and jobs, compensation, career progression, recognition and related work force practices motivate and enable employees and the organization to achieve high performance. This is done by:

- designing, organizing, and managing work systems that promote and reinforce cooperation, collaboration, individual initiative, innovation, and flexibility;
- encouraging communication, cooperation, and knowledge and skill sharing across work function and units;
- designing a systematic process for effective succession planning for senior leadership and throughout the organization; and
- motivating and encouraging employees to develop and utilize their full potential.

5.2 Employee Education, Training, and Development

How the organization develops the work force via education, training, and on-the-job reinforcement of knowledge and skills. This involves:

- addressing the knowledge and skills employees need to meet their overall work and personal objectives, and at the same time considering the organization's need to develop its employees for leadership roles;
- balancing the short- and longer-term needs of the employee against those of the organization;

- addressing how education and training are designed, delivered, reinforced, and evaluated within the organization, placing a special emphasis on "on-the-job" application of knowledge and skills;
- involving employees and their managers in the design of training programs and in determining individual and organizational training needs/requirements (which might include diversity training, safety training, or others, as appropriate);
- offering orientation of new employees;
- defining performance excellence for the organization's education and training system; and
- teaching employees to use performance measurements, performance standards and benchmarking in their jobs.

5.3 Employee Well being and Satisfaction

How the organization maintains a work environment and work climate that support the well-being, satisfaction, and motivation of its employees. This is accomplished by:

- determining the key factors that affect employee well being, satisfaction, and motivation;
- assessing the overall work environment and work climate;
- addressing and improving workplace health & safety concerns (including ergonomic factors);
- enhancing the work climate via services, benefits & policies; and
- relating the assessment findings to business results to identify work environment and employee support climate improvement priorities.

6.0 PROCESS MANAGEMENT

6.1 Product and Service Processes

How products and services are designed, implemented, and improved. Also, how production and delivery processes are designed, implemented, managed, and improved. This is done by:

- incorporating changing customer and market requirements and technology into product and service designs;
- using sound statistical methods to analyze market research data on customers and their requirements;
- having production and delivery processes that ensure the customer's requirements for quality and operational performance are met;
- coordinating the design, production and delivery of products to ensure a trouble-free introduction and delivery of products and services;
- involving all functions/departments that will work with a product/service, in the design phase of the new product/service;
- having design processes which incorporate "lessons learned" from past projects, and from other efficiency and effectiveness factors (e.g., cost control) to ensure better products and efficient delivery; and
- using control mechanisms to ensure that design, production, and delivery processes stay within specified tolerance levels.

6.2 Business and Support Processes

How the organization's key business and support processes are designed, implemented, managed, and improved. This involves:

- determining key requirements for business and support processes (incorporating input from internal and external customers as appropriate);

- ❖ designing and implementing key business and support processes to meet the customer's requirements for quality and operational performance; and
- ❖ evaluating and improving these processes to achieve even better performance and reduced cycle time.

6.3 Supplier and Partnering Processes

How the organization's supplier and partnering processes and relationships are designed, implemented, managed, and improved. Also, how supplier and partner performance is managed and improved. This involves:

- ❖ determining the performance requirements that your suppliers and/or partners need to meet for your organization to fulfill its overall requirements;
- ❖ developing objective and reliable measures for evaluating supplier and partner performance;
- ❖ establishing a procedure for relaying the performance information back to suppliers and partners; and
- ❖ determining ways to provide assistance and/or incentives to suppliers and/or partners to help them improve their ability to contribute to your organization's overall performance.

7.0 BUSINESS RESULTS

7.1 Customer Focused Results

The organization's customer focused results, including customer satisfaction and product and service performance results, segmented by customer groups.

- ❖ A summary of customer focused results. Include data on levels & trends for the following:
  - customer satisfaction, and customer satisfaction relative to competitors;
  - customer loyalty, positive referral, customer-perceived value, and customer relationship building, as appropriate; and
  - the organization's product and service performance.

7.2 Financial and Market Results

The organization's key financial and marketplace performance results, segmented by market and mission focus.

- ❖ A summary of financial performance, including aggregate measures of financial return and/or economic value, as appropriate. For example:
  - financial results comparing world-class organizations in similar businesses.
  - trends showing continuous improvement over three or more years.

7.3 Human Resource Results

The organization's human resource results, including employee well being, satisfaction, development, and work system performance, segmented by the different types and categories of employees.

- ❖ A summary of current levels and trends in key measures and/or indicators of employee well being, satisfaction, development, work system improvement, and effectiveness. Addressing all categories and types of employees, as appropriate, and including appropriate comparative data. For example:

- current level, trends in key measures, and indicators of employee well being, satisfaction, dissatisfaction, and development;
- results indicating a balance in focusing on the needs of employees, shareholders and customers; and
- all measures indicating that the organization would be a good place to work.

7.4 Organizational Effectiveness Results

A summary of the organizations key performance results that contribute to achieving organizational effectiveness, attaining key organizational goals, and demonstrating good organizational citizenship.

- ❖ Provide current levels, trends in key measures and appropriate comparisons for key measures/indicators of operational and strategic performance that support the ongoing achievement of results. Include productivity, cycle time, supplier/partner performance and other appropriate measures of effectiveness and efficiency. Include comparative data.
- ❖ A summary of key organization-specific results derived from: product and service quality and performance; key process performance; productivity, cycle time, and other effectiveness and efficiency measures; regulatory/legal compliance; and other results supporting the organization's strategy, such as new product/service introductions. For example:
  - Operational effectiveness and efficiency indicators (reduced emission levels, waste stream reductions, recycling);
  - internal responsiveness indicators (cycle time, productivity, or efficiency);
  - business-specific indicators (e-technology, product/process yields);
  - supply chain indicators (reduced inventory and/or inspections, reductions in supply chain management costs);
  - regulatory and compliance results; and
  - public responsibility results.

References:

ASQC Quality Press. *Malcolm Baldrige National Quality Award Criteria for Performance Excellence, Baldrige National Quality Program 2001.*

Brown, Mark Graham (2000). *Baldrige Award Winning Quality, 10^{th} Edition: How to Interpret the Baldrige Criteria for Performance Excellence, New York, NY: Quality Resources.*